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## U.S. Extends Guard For Ships in Gulf

By George C. Wilson  
*Washington Post Service*

WASHINGTON — President Ronald Reagan decided on Friday to extend U.S. Navy protection in the Gulf to include neutral ships but will not spell out when this will be done in hopes of deterring would-be attackers with the threat of an American response, administration officials said.

Under Mr. Reagan's plan for widened Gulf protection, officials said, U.S. skippers will be told to respond to calls for help from ships in their immediate area but not to sail all over the Gulf looking for trouble. This limited extension of the Navy umbrella will not require any additional ships in the Gulf, officials said.

Mr. Reagan postponed his decision on whether to add Coast Guard ships to the peacekeeping flotilla in the Gulf, officials said. Several lawmakers protested Friday that sending Coast Guard

ships to the Gulf would deepen U.S. involvement there and undercut the effort to stanch the flow of drugs into the country.

"This proposal is absurd," Senator Brock Adams, Democrat of Washington, said of the plan to send six Coast Guard ships to the Gulf. Mr. Brock is a former Transportation Department secretary which oversees the Coast Guard. One of the main missions of Coast Guard ships is interdicting drug traffic headed for the United States.

Several Navy leaders interviewed said they welcomed new rules of engagement to allow skippers to intervene when a friendly ship is under attack in their area. "But we don't have the assets to protect everybody all over the Gulf," said one high ranking officer with recent experience in the Gulf.

Some of the military leaders interviewed Friday had reservations about adding Coast Guard ships to the Gulf, noting they did not carry the anti-missile armament which might be needed.

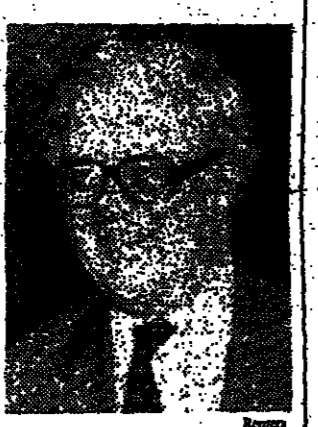
"Just more bottoms for us to protect," said one Navy leader. A contrary opinion came from a recent fleet commander in the Gulf who said he needs more small ships than the navy can provide to run in and out of small anchorages and shallow waterways.

## Kiosk

### House Rejects Bill on Troops

WASHINGTON (AP) — The House of Representatives overwhelmingly turned down Friday a proposal to order U.S. troops brought home from Western Europe and Japan unless the allies spend more for defense.

First, the chamber rejected, 240 to 120, a proposal to bring 30,000 troops a year back from Europe, and 7,000 troops annually from Japan, starting in 1991. Then it voted 332 to 21 against an amendment to withdraw 70,000 troops a year from Europe.



Sir Geoffrey Howe, the British foreign minister, attacked the showing of a TV news report on the Gibraltar killings. Page 2.

### General News

Afghan rebels search for an overall leader as Soviet pullout approaches. Page 2.

### Business/Finance

Australia's most feared corporate raider, Robert Holmes & Court, has sold control of his flagship company. Page 13.

### Special Report

In Australia, new waves of immigrants are changing the face of the nation and propelling the country toward the Asia-Pacific region. Pages 7-11.

Dow Jones	The Dollar in New York
Down 8.95	DM 1.6775
	Yen 125.15
	FF 5.70



HORROR OVER HAWAII — Medics and rescue workers tending an injured passenger next to a Boeing 737 that made an emergency landing at Kahului Airport on the Hawaiian island of Maui after an explosion ripped the plane open in flight. One crew member was killed and 61 persons were injured. Page 3.

## Ethiopian Curbs on Relief Put 2 Million at Risk

By Sheila Rule  
*New York Times Service*

ADDIS ABABA, Ethiopia — The government of Ethiopia has so severely restricted emergency relief operations in the country's north, a region ravaged by both drought and war, that as many as 2 million people are out of reach of any known system of food distribution, aid officials and Western diplomats say.

Because of the restrictions, these officials say, hundreds of thousands of tons of donated food are filling up at ports and may never reach those in need. Seeds are not being distributed, which means that farmers who must soon plant

crops for next year's food cannot do so.

More than 7 million of Ethiopia's 47 million people remain in need of emergency relief, according to workers for humanitarian aid groups, who say the worst affected provinces are Eritrea and Tigre, in the north.

"They say the number could rise because of varying degrees of crop failure in the harvest in several out-provinces, including northern Shoa, Wallo, Sidamo, Harar and Arsi."

The good news is that it has been raining this month in much of the country, as farmers prepare to plant sorghum and corn for the next harvest, and that relief operations outside the north are continuing.

International relief workers express fears that huge waves of hungry Ethiopians from the north, where crop failures last year were severe, may soon move to urban centers or down to Sudan in search of food.

Hundreds of thousands of people died of disease in the country's last such calamity three years ago. "In 1985, starving people just showed up all of a sudden," one Western diplomat said. "They could be moving now, and we just don't know it because we are not there."

Relief workers say the government of President Mengistu Haile Mariam has given priority to military aims over the need to feed the hungry in Eritrea and Tigre. The government ordered most foreign relief workers to leave the north two weeks ago, saying it was acting for their safety.

The authorities are allowing food distribution only in the ever-smaller areas of Eritrea and Tigre that they control — some estimates are that the government controls as little as 10 percent of the territory — as separatist rebels in the provinces claim major victories in their long-running conflicts.

Meanwhile, as much as 240,000 tons of emergency food aid at the port of Assab alone, in addition to other relief supplies, are going undistributed.

The entire relief operation has been left to the government's Relief and Rehabilitation Commission and a Christian consortium closely involved with Ethiopian organizations. But Western relief officials say these groups cannot adequately handle the situation, partly because the government commission cannot travel in the areas of conflict.

The authorities have allowed four United Nations workers to return to the north, but their presence is expected to have no real effect on increasing food distribution.

## U.S. Trade Bill Signals A Major Shift in Policy

By Peter T. Kilborn  
*New York Times Service*

WASHINGTON — While President Ronald Reagan and Congress have not come to terms on a new trade law, they have agreed on an important shift in policy — one that protects U.S. industries and workers more than it values free trade.

From here on, economists and political analysts say, the United States will play the game of trade much like many other countries play it, making it tougher for foreign competition to take business away from domestic companies.

On Thursday, the White House said the president would veto the trade legislation that the Senate passed Wednesday and that the House of Representatives adopted April 21. But his objection has little to do with trade.

Mr. Reagan said he opposed a provision in the bill that requires most companies to give their employees a warning 60 days before layoffs or factory closings.

The president sees the clause as a sop to organized labor and believes it would lead to even tougher restraints eventually on hundreds of thousands of businesses. For the president, a Republican candidate, Vice President George Bush, Mr. Reagan thus carries the favor of businessmen, but he also gives the Democrats an opening to present themselves as the party of compassion.

It was unclear Thursday from the statements of congressmen and the administration whether another trade bill, shorn of the plant-closing clause, might still be enacted this year.

But with that provision as the president's only serious objection, it was apparent that any new bill, enacted this year or next, will contain the major trade provisions of the bill the president intends to veto.

More emphatically than before, the United States has signed on to the notion of defending fledgling and foundering industries before letting them loose in world markets. And for the first time, any likely trade legislation enshrines the notion of "fair" trade, rather than free trade, as the overriding goal of government policy. This means that the United States will play tit for tat with countries — notably Japan, South Korea, Taiwan and the big traders of Europe — that have grown and prospered through largely unfettered access to the lush U.S. market while blocking U.S. industry to much of theirs.

"The bill really significantly shifts the balance towards protectionism," said Henry R. Nau, a former member of Mr. Reagan's

## Executive to Give Away Fortune in U.S.



David Packard

By Kathleen Teltsch  
*New York Times Service*

LOS ALTOS, California — David Packard says he has decided to give \$2 billion he amassed in the electronics industry to charitable causes, reflecting a commitment shared with his late wife and their four children.

Over the next few years virtually all his stock in Hewlett-Packard Co. will go to the David and Lucile Packard Foundation, making the philanthropy one of the five or six wealthiest in the United States. The Ford Foundation is the wealthiest, with \$4.7 billion.

"We decided early on this was what we wanted and worked 25 years to get to the point where we can do it," Mr. Packard, 75, said Thursday.

"Assuming the market stays strong," he said, "the stock will be worth even more and the foundation will have \$100 million to spend yearly."

The foundation, incorporated in 1964, now has assets of \$145 million and makes grants of about \$10 million a year, but Mr. Packard has already started to increase its resources substantially.

Its headquarters are a few miles from Stanford University, where Mr. Packard and William Hewlett met as engineering students and, 49 years ago, started their joint enterprise in a garage.

Mr. Packard, board chairman of Hewlett-Packard, served as U.S. deputy secretary of defense from 1969 through 1971. More recently he was chairman of a commission appointed by President Ronald Reagan to recommend changes in Pentagon management.

Mrs. Packard, who died in May, was deeply involved in child health concerns. A substantial share of the foundation's work will be devoted to protecting infants and children who are at high risk of developing health problems.

The foundation will also have a \$10 million program in population activities, particularly supporting family planning in Third World countries.

Reflecting Mr. Packard's interest, there will be a \$10 million fellowship program for young professors in engineering and science to encourage them to remain in research and teaching.

A \$20 million support program will deal with education, family and youth problems. Some of these projects, still being developed, include child care, employment training, grants to black colleges and to programs to curb drug abuse and teen-age pregnancy.

## U.S. Report Indicates Economy Is Firming

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. government's chief forecasting gauge of economic activity shot up 0.8 percent in March, indicating continued growth for the rest of the year, the Commerce Department said Friday.

The March figures, combined with a revised 1.3 percent growth rate in February, gave the Index of Leading Economic Indicators its best back-to-back performance since the last two months of 1986, when growth rates of 0.8 percent and 2.2 percent were recorded.

February's rate had previously been reported as a much smaller 0.9 percent.

The gauge, although still a closely watched indicator of future growth, is drawing increasing criticism from many economists because of the often sharp month-to-month revisions.

The index at one point after the October stock market collapse was sending out signals of an impending recession. When the December index number was first released, it marked the third consecutive monthly decline in the index.

But the initial calculations are subject to substantial revisions with the even months afterward. With the most recent revisions, the only declines recorded since the stock market collapse were 1.2 percent in November and 0.7 in January.

Analysts said the big gains in the past two months reflected surprising strength in the economy.

"The leading index suggests the economy will be headed upward and upward as we move through the second half of the year," said Allen Sinai, chief economist of Boston Co. "From the point of view of the administration, the news on the economy could hardly be better."

In a separate report pointing to strength in the economy, the Commerce Department reported that sales of new homes increased 4 percent in March, rising to an annual rate of 655,000 units, after a 14.1 percent jump in February sales.

Analysts said the consecutive gains showed that the housing industry had shaken off nervousness that followed the market collapse.

The analysts said, however, that the February and March increases in the leading index were likely to fuel growing concern that the economy is expanding too rapidly and threatening to rekindle inflation.

Interest rates have been rising in recent days, pushed higher by in-

## In Korea, Some Hiroshima Survivors Speak Up

By Clyde Haberman  
*New York Times Service*

HAFCHON, South Korea — Chung Ki Jang has spent most of his life as a footnote to history.

Fate once decreed that he would be in Hiroshima during World War II, like thousands of other Koreans who were in the employ of their Japanese colonial rulers.

Fate also decreed that at 8:15 A.M. on Aug. 6, 1945, he would be leaving for work at the Mitsubishi shipyard when Hiroshima was transformed from a city into a terrifying concept.

The first atomic bomb to be dropped on

Japan knocked Mr. Chung unconscious. Ever since, he has lived with illness, persistent aches that defy his own description and the treatment of physicians.

What pains him almost as much, at the age of 67, is the neglect that he feels he suffered for too long at the hands of Japan, the United States and his own government.

Mostly, the world remembers that atomic bombs were dropped by Americans on Japanese cities, first in Hiroshima and then, three days later, in Nagasaki.

"It has been only in the last few years," Mr. Chung said, "that anyone has paid attention to us."

"Us" are 23,000 Koreans who survived, who have endured and who now seek from Japan compensation they feel is long overdue.

A group representing them, the Korea Atomic Bomb Casualties Association, has requested \$100,000 for each survivor, \$2.3 billion in all. The figure is based on payments Tokyo has made to Japanese victims over the years.

To the Koreans, Japan bears moral responsibility because hundreds of thousands of them were strewn across Japan as forced laborers in the 1930s and 1940s.

Many Koreans who wound up in Hiroshi-

## Strikes Worsen In Poland

### Solidarity Urges Action by Krakow Transit Workers

The Associated Press

KRAKOW, Poland — At least 7,000 workers demanding more pay laid down their tools on Friday and occupied three departments of a major heavy machinery plant, as the worst labor unrest in Poland in six years spread to a second factory.

The strike at the Stalowa Wola plant in southeast Poland came on the fourth day of a walkout by at least 12,000 workers at the huge Lenin steel mill at Nowa Huta, outside Krakow.

Activists of the outlawed Solidarity independent trade union also said they were calling a strike, beginning Saturday, of the Krakow urban transport company in support of the Nowa Huta action.

A Solidarity leader in Warsaw, Zbigniew Romaszewski, said leaflets and posters calling for a strike Saturday by local transit workers went up in Krakow, a petrochemical center in central Poland.

Meanwhile, the police in Warsaw detained a senior Solidarity adviser, Jacek Kuron, on Friday afternoon, a member of Mr. Kuron's household said.

Three plainclothes officers picked up Mr. Kuron at his apartment as he was conducting a telephone interview with a Western radio station, said the source, who asked not to be identified.

Earlier in the day, Mr. Kuron said that 25 persons were detained around the country in the last two days, including two senior Solidarity officials. The chief government spokesman, Jerzy Urban, said there had been an unspecified number of preventive detentions.

The government threatened strikers with dismissal, but also announced unspecified steps to improve wages.

The government first said an attempt to start the second strike had failed, but the official news agency PAP later said at least one department of the 18,000-worker Stalowa Wola plant, which has important defense contracts, was not working.

In the fourth day of the Nowa Huta strike, management conducted talks with the plant's official union, but refused to talk to the committee that said it represents at least 16,000 strikers.

Solidarity activists in Krakow's municipal transport company issued a statement saying they were calling for a strike as of 6 A.M. Saturday in support of Nowa Huta workers. The statement said the strike would continue as long as the work stoppage at the steel mill.

Solidarity officials warned authorities against using force to break up the Nowa Huta strike. Opposition spokesmen said workers in at least four other towns had declared their support for the strikers and were on strike alert. They threatened more labor action if force was used against the strikers.

The labor unrest is the worst in Poland since the government declared martial law and cracked down on Solidarity in 1981.

The week began with an 11-hour strike by 2,800 transit workers in the western city of Bydgoszcz in which bus and tram drivers won 60 percent increases in hourly wages.

A Roman Catholic priest in Stalowa Wola, the Reverend Jan Niemienc, said about 7,000 workers were occupying three departments of the plant. The strike started

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## Bald Facts: A Scientist Finds the Reason, but Not the Cure

The Associated Press

WASHINGTON — A University of Miami researcher said Friday that she had discovered the biochemical basis for baldness, but that it would take years of further research to learn how to block a process that "short circuits" hair growth.

Other scientists said her research appeared to be well-founded.

Dr. Marty E. Sawaya, a researcher at the University of Miami School of Medicine, said she and her colleagues have determined that hair follicles that cease growing hair are filled with a single-molecule protein that is able to carry the male hormone testosterone into the cell nucleus and "short circuit" hair growth.

Ms. Sawaya said at a news conference that the discovery was made after she was able to separate out cells from scalp plugs at different stages of hair loss.

Cells that are vigorously growing hair, she said, contain a high ratio of a protein she called a tetramer. The protein has four molecules closely bound together.

In scalp cells that have stopped growing hair, she said, the tetramer ratio is very low, and a type of protein she called a monomer, or a single molecule of protein, was dominant.

Ms. Sawaya said it appeared that the monomer is able to penetrate the nucleus of the hair cell and affect the genetic pattern of the cell that directs the

growth of hair. The tetramer protein, however, is unable to enter the cell nucleus.

Also, she said the monomer is four times more able to bind with the male hormone testosterone than is the tetramer.

Ms. Sawaya said she also has found an inhibitor protein that tends to block the male hormone from binding to the monomer.

The Miami researchers are now attempting to purify and eventually synthesize this inhibitor protein. She said this protein possibly could be administered to men who are starting to go bald.

"I would hope we could have something like that in the next 5 to 10 years," she said.

Dr. Vera Price, a clinical professor at the University of California, San Francisco, praised the work by Ms. Sawaya as "tremendously interesting."

Dr. David A. Norris, a dermatology researcher at the University of Colorado in Denver, said Ms. Sawaya's work had been examined by a peer review group and was found to be "well founded."

"It is an important extension of our understanding of the local effects that cause male pattern baldness," he said.

About 70 percent of all men over the age of 60 experience some form of male pattern baldness, and for many the hair loss starts in the 20s and 30s. Hair loss is also a problem with 10 to 15 percent of the adult female population.

See DATA, Page 17

# After the Pullout: Afghan Rebels Must Find Overall Leader

By Henry Kamm  
New York Times Service

ISLAMABAD, Pakistan — The Afghan guerrilla alliance is entering a crucial period when, with the planned withdrawal of the Soviet Army, it may be called on to seize and govern the country, though it is not a unified liberation movement under a generally accepted leadership.

The seven guerrilla groups that make up the alliance are based in Peshawar, near the Pakistani end of the Khyber Pass leading into Afghanistan. They have not projected themselves into the hearts and minds of the 3 million Afghan refugees in Pakistan as acknowledged leaders.

Moreover, the seven parties, each little more than a leader surrounded by aides and commanding the nominal adherence of undisclosed numbers of people it calls members, have failed to put forward someone who would be considered likely to command the support of the majority of the refugees. None of the leaders appear to inspire enthusiasm.

The party "members" have been enrolled by necessity among a largely nonpolitical mass of refugee villagers who never before have been called on to exercise meaningful political choices. In order to be recognized by Pakistan as a refugee and entitled to food rations, the Pakistani authorities have made it obligatory for family heads to sign up with a party. The party issues the refugees a registration card.

Pakistan also determined which of the Afghan parties was to be recognized and admitted into the alliance. All parties other than the

seven admitted had, in effect, to disband, except for three parties representing the Shiite Muslim minority.

The choices for leader among the 10 million Afghans inside their country and the 2 million in exile in Iran are a matter only of hazy speculation or partisan claims. Only the name of King Mohammed Zahir Shah, who was deposed in 1973, meets with widespread approval among refugees in Pakistan and according to people who have been in Kabul and in rebel-held areas, also inside the country.

Senior Pakistani officials and diplomats from several concerned countries reported that intensive contacts have been under way for years between Zahir Shah, now in exile in Rome, and the government of Pakistan, the United States and Diego Cordovez, the United Nations official who conducted the negotiations that led to the Geneva agreement.

The goal of the contacts was to have Zahir Shah return to Kabul as head of a transition regime that would seek to create a national consensus on a future government. Zahir Shah is supported by the three more moderate parties in the guerrilla alliance, but violently opposed by the other four. A senior Pakistani official reported that the Soviet foreign minister, Eduard A. Shevardnadze, had shown interest in the idea.

The chance of the Zahir Shah solution suffered a serious setback early this year, however, when India's minister for foreign affairs, Natwar Singh, visited Zahir Shah and made the contact public. The visit allowed the opponents of the



Soviet combat helicopters preparing to take off Friday from the Kabul airport. Moscow will begin to withdraw its troops on May 15.

idea, including many influential Pakistanis, to brand Zahir Shah as the Indian candidate and therefore unacceptable to Pakistan as well as the fundamentalists in the Afghan alliance.

The alliance rotates its leadership on a three-month basis. The current chief, Gulbuddin Hekmatyar, head of one wing of the divided Islamic Party, has inspired more fear than trust. He is accused by his opponents of being a doctrinaire Islamic revolutionary, pursuing his goal of undisputed leadership of the new Afghanistan through force and cunning.

It is perhaps significant that no Afghan in Pakistan dares criticize Mr. Hekmatyar publicly, nor do many outside his immediate entourage express support for him.

The alliance parties are divided: four subscribe to revolutionary ideals or profess a rigidly fundamentalist interpretation of Islam, while the three others are deeply Islamic but preach a return to the tradition-bound political and social structures that prevailed until the overthrow of the king in 1973.

The traditional parties share a feeling that they have been strongly disadvantaged by Pakistan, which

allots the arms and supplies from the United States, China and the Arab nations.

"We have only one right — that is to fight," said an official of a traditional party. "We have not one political freedom, in Kabul or here."

In a view widely held in the thin layer of educated people among the refugees, Pakistan plays a decisive role in shaping the tendencies of the guerrillas by exercising close political control.

The government of President Mohammed Zia ul-Haq, who has personally directed the military

and political character of the guerrilla alliance from the outset, is said to have favored the most emphatically Islamic trends.

The result has been, according to Afghan professionals, a polarization of Afghan political power between the Communist regime in Kabul and the rigidly Islamic guerrillas in Peshawar. This misrepresents the outlook of the great majority of Afghans, a refugee political scientist said.

"Afghan society is a moderate society," he said. "But this silent majority is being squeezed between two extremes."

## WORLD BRIEFS

### Tass Assails NATO Plan to Upgrade

MOSCOW (Reuters) — The official Soviet news agency Tass said Friday that plans by the North Atlantic Treaty Organization to modernize short-range nuclear forces could undo the gains of the U.S.-Soviet treaty to eliminate intermediate-range nuclear forces.

Commenting on a meeting of NATO defense ministers in Brussels that ended Thursday, Tass said that Western military alliance was approaching the problems of the future using "the yardsticks of yesterday's thinking."

It specifically objected to NATO plans to compensate for the removal of medium-range missiles from Europe by building up forces with a range of less than 500 kilometers (300 miles) and by increasing the nuclear arsenals of Britain and France. Tass said that "realization of NATO's plans could bring to naught" the reduction of armaments under the INF agreement, which eliminates missiles with a range of 500 to 5,500 kilometers.

### Dukakis Urges End to Merger 'Binge'

COLUMBUS, Ohio (UPI) — Governor Michael S. Dukakis of Massachusetts, the front-runner for the Democratic presidential nomination, told labor leaders here Friday that the United States must control the merger and acquisition binge that he said was depleting U.S. capital.

Mr. Dukakis also told members of local labor unions that they should not believe the polls that show him far ahead of his Democratic rival, the Reverend Jesse L. Jackson, in the Ohio primary May 3.

Mr. Dukakis harshly criticized the Reagan administration for tolerating corporate takeovers to create profits for management. "If we're serious about winning the battle for our economic future," he said, "we've got to get control of the merger and acquisition binge that's gobbling up our capital, destroying competition and creating billions in profits for a few, without creating a single new job for American workers."

### Ex-Suspect in Kanak Killing Is Slain

NOUMEA, New Caledonia (Combined Dispatches) — Gunmen shot and killed a farmer on Friday who was acquitted of killing a Kanak separatist leader in 1984. He was the first European settler to be killed in this French Pacific island territory since the latest separatist violence began a week ago.

Tension remained high in the island group as police and military negotiators on the outlying island of Ouvea pursued talks with separatists holding 20 hostages. But the officials cited progress as a state prosecutor among the hostages was released to mediate in the crisis.

The killing of the farmer, José Lapetite, 31, on his farm on the west coast of New Caledonia brings to seven the number of deaths since separatists attacked an army outpost April 22. The other victims have been gendarmes or native Melanesians, known as Kanaks. Rasoul and José Lapetite and three other brothers were implicated in the 1984 killing of 10 separatists in Hienghène. Seven European settlers accused of the attack, including the Lapetites, were acquitted in October. (AP Wire)

### Athens Police Question Turk Exiles

ATHENS (NYT) — The police said Friday that they were questioning Turkish exiles in Athens after the assassination of an Armenian guerrilla leader who was gunned down Thursday morning in a beachfront suburb of Athens.

The Armenian, who used several aliases, was said by the authorities to be Bedros Havanassian, founder of the Armenian Secret Army for the Liberation of Armenia. The group seeks independence for Armenia and eastern Turkey and acknowledgment that Turkey massacred 1.5 million Armenians during World War I. Turkey denies the charge.

The organization, founded in the early 1970s, has taken responsibility for the assassinations of more than 20 Turkish diplomats in Western Europe and a bomb attack at Orly Airport, near Paris, that killed eight persons in 1983. Greek officials said Mr. Havanassian, also known as Hagop Hagopian, was killed in the suburb of Paleo Faliron early Thursday as he left for the airport.

### Police and Sikhs Clash in Amritsar

NEW DELHI (WP) — Indian paramilitary police and militants inside the Golden Temple, the Sikh holy shrine at Amritsar, exchanged gunfire Friday in the first such incident since the Indian Army stormed the complex in 1984 to root out extremists.

The exchange of gunfire, which lasted several minutes, reportedly took place after a young Sikh militant escaped from police custody and ran for the temple, which is almost completely controlled by Sikh separatists. According to news reports, Indian militiamen opened fire as the Sikh sprang from the temple, and witnesses said the shots were answered by gunfire from inside the temple. A woman reportedly was injured.

The incident occurred amid increasing violence in Punjab, in northern India. At least 25 people were said to have been killed and more than 50 injured in 24 hours of violence in the state. Five persons were killed and 39 injured in a series of bomb blasts at Batala.

## TRAVEL UPDATE

### Air Passengers Fight Iceland Pickets

REYKJAVIK, Iceland (Reuters) — Fights broke out at Keflavik Airport on Friday as passengers struggled to board planes through picket lines, airport officials said.

Terminal workers striking for more pay barricaded airline offices and customs gates, and fights erupted when passengers were prevented from getting through to planes. "I feel like I'm being held hostage in Iceland," a foreigner said as he was repulsed by pickets.

Hours later, the island's violent isolation was lifted slightly when the small Eagle Air reached agreement with the unions, which had been striking for a 27-percent pay rise. But the larger Icelandair was still crippled.

### U.K. Travelers Face Delay on Ferries

LONDON (AP) — Vacationers heading for the Continent were warned Friday to expect delays of 6 to 18 hours as a long weekend approached with a ferry strike in its fourth day.

The problems on the Dover-Calais route across the Channel began this week when crews of the Sealink ferry company refused to cross picket lines mounted by workers of another firm, P&O, who have been on strike for three months. Sealink said that only its French-owned ships were sailing, halving the number of daily round trips to eight.

The Italian railroad launched its fastest commercial train on Friday in a trial run that shaved just under an hour off the 630-kilometer (393-mile) trip from Rome to Milan. The train, which is capable of speeds up to 250 kmph (155 mph), will cover the run in 3 hours, 58 minutes.

Strikes in Lagos against higher gasoline prices hit the capital's airport on Friday, delaying or grounding most flights.

Lands Air, a private airline company owned by the former motor-racing champion Niki Lauda, has canceled plans to launch from Monday a regular service between Vienna and Taipei. China has demanded that Western airlines cease flying to Taiwan once their governments recognize Beijing. (AP Wire)

# Soviet Weekly Expresses Approval Of the Dissident Historian Medvedev

By Bill Keller  
New York Times Service

MOSCOW — Roy Medvedev, the independent Soviet historian whose fiercely critical books about the Stalin era have won world acclaim but have been banned in his country, was praised this week by an official newspaper for his work and for his role as a voice of conscience.

A Communist youth weekly, Sobesednik, in the preface to a lengthy interview with the historian printed Thursday, called for publication of his works and said he had been unfairly expelled from the Communist Party in 1969.

The interview, which almost certainly would not have been published without approval from senior party officials, is a kind of rehabilitation for one of the leading figures of Soviet dissent.

Mr. Medvedev, 62, was on his annual winter vacation at a resort in the northern Caucasus Mountains, where he spends a month each year without a telephone.

His twin brother, Zhores, a biochemist and writer forced to emigrate in 1973, said in a telephone interview from London that the Sobesednik article was a strong indication that the Soviet leadership had decided to find an official role for the historian.

"It might mean that Roy will be invited to join one of the commissions working on the new history books," Zhores Medvedev said, referring to committees that have been charged with filling in "the blank pages" in official reference works and textbooks.

"Perhaps it means his books will be published. At least it might make his life easier."

Mr. Medvedev has always viewed himself as a voice of the loyal socialist opposition who believed despite its repression of him that the Soviet system could become truly democratic with the right leadership.

In some respects, he seemed an obvious candidate for official approval since many of his views on history have been embraced by Mikhail S. Gorbachev, the Soviet leader.

Unlike other prominent dissidents, Mr. Medvedev has refrained from signing petitions or holding press conferences, but in interviews with Western correspondents and in works published abroad he has been an outspoken critic of political persecution, censorship, the Communist Party's monopoly on power and limits to travel and emigration. He has never sought to leave the country himself.

The extensive interview in Sobesednik, in which Mr. Medvedev discussed the terrors of forced farm collectivization and political repression under Stalin, added little information to what Soviet readers have been told during the recent wave of anti-Stalinist exposés.

But the introduction, accompanied by a photograph of the historian at his typewriter, portrayed Mr. Medvedev as a heroic figure.

"We hope that soon the Soviet reader can also become acquainted with the works of our unyielding countryman, Roy Medvedev — sharp, polemical, controversial, appealing to the voice of conscience in each of us, surprisingly true and sincere," the weekly said. "The times demand these books."

Mr. Medvedev was touched by the Stalin terror in 1938, when his father was arrested, tortured and sent to work in Siberian mines from which he never returned.

Nikita S. Khrushchev's anti-Stalin speech in 1956 and the formal abolition of Mr. Medvedev's father inspired him to join the Communist Party. He was expelled for a letter published in a West German magazine.

His monumental study of Stalin, "Let History Judge," was published in the West after being rejected in the Soviet Union.

The newspaper said an expanded version of "Let History Judge" was being prepared for publication — but, unfortunately, not here.

The article did not mention more recent harassment of the historian. In the early 1980s, Mr. Medvedev was threatened with criminal prosecution if he did not curtail his activities. His telephone was disconnected and policemen were stationed outside his apartment.

Nor did it describe his battle with authorities in 1969 when his twin was confined to a mental hospital for "paranoid delusions of reforming society."

The publication of the interview may reflect a recent surge of boldness in the Soviet press following what is widely believed to have been a high-level clash over the course of political change.

Earlier this month the Communist Party daily Pravda strongly rebuked another newspaper for publishing a "manifesto" of the conservative opposition, an article believed to have had the blessing of the No. 2 Kremlin official, Yegor K. Ligachev.

Soon became rubber stamps for the Communist Party. Real power resides with the party apparatus, a network of 200,000 full-time party functionaries, and with the party committees that extend into almost every business and school.

Recently Mr. Gorbachev's supporters have singled out this powerful network as an obstacle to economic and social change, especially outside Moscow.

Soviets exist for governmental units ranging from villages to republics, and the Supreme Soviet is the nominal parliament. Deputies are chosen in direct elections from candidates nominated under party control by such organizations as party committees and in meetings of unions, schools and collective farms.

It is not clear exactly how much power Mr. Gorbachev would like to give the soviets. Some Soviet and Western analysts say they believe he genuinely intends to open the system to political forces that would compete with the Communist Party, without formally permitting a multiparty system.

— BILL KELLER

# To Rein In the Party, Kremlin Boosts Soviets

New York Times Service

MOSCOW — Mikhail S. Gorbachev's drive for domestic revival has entered a new round in recent weeks with the opening of a wide-ranging debate on the powers of the Communist Party.

In an almost daily barrage of remarks and press commentaries, a campaign has begun to weaken the iron grip of the party network that extends down to each workplace and school, and to give more authority to the soviets, or people's councils, that have traditionally been largely ceremonial.

Strengthening the soviets has emerged as a major theme as the country prepares for a nationwide party conference in late June.

Mr. Gorbachev apparently hopes to use the meeting to give fresh impetus to his program of economic and social change, which has bogged down in political and bureaucratic resistance. He has said the conference will take up "a far-reaching reconstruction of the political superstructure."

The Communists took power in 1917 under the slogan "All Power to the Soviets," but the councils

debate flared in U.K. Over IRA Gibraltar Killings

Another witness interviewed in the program said that the third member of an Irish Republican Army bomb squad killed March 6 was shot in the back as he fled from plainclothes troops from the Special Air Service, the British Army's anti-terrorism squad.

British Army rules provide that a soldier may only fire at a person likely to endanger his life. Sir Geoffrey told the House of Commons immediately after the shootings that the soldiers were endangered.

Altogether, the program produced three named witnesses, including a British lawyer, and one anonymous witness who said the three shot no resistance and were all free again after they were on the ground.

After a cabinet meeting in Dublin on Friday, the Irish government expressed "deep concern" over the matter and called for "further legal action," presumably against the

soldiers, to uphold "the rule of law."

This pointed up the growing tensions between Dublin and London over security in Northern Ireland and Britain's treatment of IRA suspects from its Irish province. The three IRA members killed on March 6 were Mairead Farrell, 31, Daniel McCann, 30, and Sean Savage, 24.

In the television program, Carmen Proetta, 42, a Gibraltar resident, said she watched from her apartment window as three armed security men confronted Miss Farrell and Mr. McCann at an intersection. When the two IRA members "saw these men had the guns in their hands, they just put their hands up," Mrs. Proetta said. At that point, without any audible warning, the soldiers opened fire, she said. "It looked like the man was protecting the girl, because he was stood in front of her, but there was no chance. I mean they went to the floor immediately, they dropped."

Gibraltar officials were unavail-

able late Friday to comment on a London newspaper report that Mrs. Proetta belongs to a family said that her husband has served two prison terms for drug trafficking. The British government so far has made no attempt to discredit her.

An anonymous witness added that Mr. Savage, having been shot in the back while fleeing, was approached by a security man. "The man on the ground was lying on his back, the man standing over his man had his foot on the man's chest," the witness said. "I then saw the gunman point his gun deliberately at the man that was lying on the floor and fire two or three times into him at point-blank range."

On Friday, Sir Geoffrey accused the Independent Broadcasting Authority, which runs two of Britain's four channels, of prejudicing the inquest as the programs were shown by satellite in Gibraltar.

"Last night's performance, which was an attempt to constitute a television program as judge, jury



THE EMPEROR'S BIRTHDAY — Emperor Hirohito of Japan, who turned 87 Friday, waving to well-wishers at the Imperial Palace. Despite rumors of ill health, Hirohito, who had major surgery last year, appeared relatively strong when he appeared briefly on the palace balcony.

# Urban Chinese to Receive Subsidies To Offset Sharply Rising Food Costs

By Edward A. Gargan  
New York Times Service

BEIJING — China's urban residents will be given cash food subsidies to supplement stagnant wages and offset sharply increasing food prices, the official Xinhua news agency reported Thursday.

The subsidies will amount to about 10 percent of a worker's wage and are to replace in part the current system of price controls.

The price of food, the most critical element in the average family budget, has risen sharply in major Chinese cities over the first three months of the year already, and city dwellers are becoming more vocal in their complaints.

"Living costs have gone up sharply," the agency said, "and actual personal incomes have dropped considerably." Television and newspapers have reported extensively on inflation, and interviews with shoppers have become a staple item on the front pages.

Last week, the state statistical bureau announced that fresh vegetables, a major part of the Chinese diet, jumped 47.8 percent in the first quarter of 1988. Food prices in large and medium cities climbed 13.4 percent in the quarter.

For the first time in the nearly four-decade history of the People's Republic, steadily increasing prices have become a feature in Chinese life. Until recently, prices in China remained virtually unchanged, a phenomenon that has been largely taken for granted by most Chinese.

Now, however, the country's ambitious program of reshaping the economy has unsettled many of the popular assumptions about daily life. China's attempts to disentangle itself from a pricing system derived from traditional notions of a socialist economy, for example, have triggered inflation for many consumer goods, especially food products. Sugar, for example, now costs urban residents about 27 cents a pound, 50 percent more than a year ago.

Because farmers are being spurred to increase production largely by higher prices paid for their crops rather than political exhortation or compulsory quotas, these costs are being passed on to consumers for the first time.

Earlier this year, in an effort to prevent hoarding and shortages, many of China's largest cities instituted a rationing system for pork, the main meat consumed by the Chinese. According to the agency, the price of frozen pork jumped 50 percent, to about 50 cents a pound.

Earlier this month, Deputy Prime Minister Yao Yilin said the government would try to keep inflation below 10 percent. Last year, according to the government, prices rose at an annual rate of 7.3 percent, although privately Chinese economists estimated the rate at closer to 15 percent.

In announcing the food subsidies, the press agency said Changsha in Hunan Province and Hangzhou in Zhejiang Province were already providing subsidies for pork, vegetables, sugar and eggs.

Beginning May 1, Shanghai will give residents a subsidy of 10 yuan (\$2.70) a person. The average urban worker, according to the State Statistical Bureau, now earns a bit more than 90 yuan a month, most of which goes toward purchasing food. Housing costs in China are generally minimal, usually less than \$1 a month.

Food subsidies will be paid to Beijing residents within the next month or two, according to the press agency. The price of rice already is subsidized for urban consumers.

In the past, food prices have been kept down by price controls that were supported by subsidies to state-owned stores.

Under the new policy, individual enterprises will be responsible for providing the cash subsidies to their workers, while local governments will be required to come up with the money for government employees, school and university teachers, hospital staffs and performing arts groups.

Controlled prices have led to shortages of a variety of goods in Beijing, including color televisions, matches, soap, towels, enamelware and cotton underclothes.

A substantial part of China's economy still labors under an artificial, and according to Western economists, irrational pricing system. As price controls are lifted and market forces come into play, however, most Chinese economists say that prices for most consumer goods will inevitably increase.

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مكاتبنا في القاهرة

# Byrd Tentatively Sets May 11 To Start INF Debate in Senate

**The Associated Press**  
WASHINGTON — The Senate majority leader, Robert C. Byrd of West Virginia, said Friday that he had tentatively decided to open debate May 11 on the U.S.-Soviet treaty to ban intermediate-range nuclear forces, but only if the two superpowers could clear up differences on verification and other issues.

The date was two days later than Mr. Byrd had previously said that debate might begin.

The State Department, meanwhile, urged the Senate "to move forward expeditiously" and said the anti-cheating provisions in the treaty would be effective.

Charles E. Rodman, the department spokesman, said the Senate had taken a "restrictive" view of the right of U.S. monitors to inspect containers for missile parts as well as access to Soviet facilities.

He said the State Department had raised the issue with the Soviets at a senior diplomatic level and was waiting for a reply.

"So we will see what we get," Mr. Rodman said.

The State Department official called the Soviet interpretation of the verification procedures unacceptable.

Mr. Byrd made it clear that debate would not begin until areas of concern were resolved.

He called on Washington and Moscow to deal quickly with the verification question and with such ambiguities in the document as what constitutes a weapons delivery system and whether weapons

using laser beams or particle ray generators are covered by the pact.

The proposed date for beginning Senate debate on the INF Treaty is less than three weeks before President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, meet in Moscow for their fourth summit meeting.

The Reagan administration is urging the legislators to approve the pact before the May 29-June 3 meeting to enhance prospects for the two nations agreeing to other weapons restraints.

The treaty would require the destruction of all U.S. and Soviet missiles with a range of 500 to 5,500 kilometers (300 and 3,400 miles).

**Intelligence Cuts Voted**  
Susan F. Reedy of The New York Times reported earlier from Washington.

The Senate Select Committee on Intelligence, irritated by the Reagan administration's failure to seek improvements in surveillance systems needed to verify a new arms treaty, voted sharp cuts this week elsewhere in the budget for intelligence agencies, according to government officials.

In addition to this move, which was made in a closed session, the committee chairman, Senator David L. Boren of Oklahoma, has warned the administration that he is prepared to filibuster the new treaty unless the White House requests the money that the intelligence panel says it would take to improve the monitoring systems.

Senator Boren, a Democrat, said that he threatened the filibuster after the administration reneged on what he had thought was a commitment to seek the money. The entire committee feels "very strongly" about the need to improve surveillance, he said.

He said that both he and Senator William S. Cohen of Maine, the Republican vice chairman of the intelligence panel, support the treaty and had only raised the threat of a filibuster to put pressure on the administration.

But he also made it clear that without the money, he intended to delay approval of the agreement banning medium- and short-range nuclear missiles long enough to prevent Mr. Reagan from taking it to Moscow for formal ratification at the summit meeting with Mr. Gorbachev.

Intelligence budgets are secret, and Senator Boren refused to discuss any aspect of the closed session held Tuesday. But government officials said the cuts were large enough to have a serious impact on several programs of the Central Intelligence Agency.

According to a government official, the surveillance improvements would require about \$500 million in the coming fiscal year, which begins Oct. 1, and \$5 billion to \$6 billion spread over the next five to six years. Administration officials said Mr. Boren would like half of the needed money for the first year to come from the Defense Department budget and the other half to come from the intelligence budget.



**OUTSPOKEN ALLY** — Prime Minister Felipe Gonzalez of Spain calling at Harvard University in Cambridge, Massachusetts, for Europe to have a more balanced and independent relationship with the United States. He said Americans must get used to a more independent Europe, especially in respect to defense. "A Europe more active and more sure of itself may be a less comfortable ally but a more useful ally," he said.

# Explosion Rips Open Boeing 737 'Like Convertible,' But Pilot Lands

Compiled by Our Staff From Dispatches

**KAHULUI, Hawaii** — An explosion ripped open an Aloha Airlines Boeing 737 "like a convertible" at 24,000 feet (7,300 meters), injuring 61 persons and throwing a flight attendant to her death, but the pilot landed the plane safely.

The cause of the blast Thursday on Aloha Flight 243 was unknown, officials said Friday. Two of the injured passengers were in critical condition.

The pilot, Robert L. Schornstheimer, who has flown for the airline for 12 years, was lauded by airline officials and other pilots for landing the plane smoothly at Kahului Airport on Maui island despite a hole in the roof of the craft stretching from the front passenger door to the wings.

The National Transportation Safety Board was sending investigators to the scene, and FBI agents were sent from Honolulu to determine whether the blast was caused by a bomb, said Robert Heafner, FBI spokesman.

However, sources in Washington said investigators were focusing more on a possible structural failure that may have been caused by a rapid decompression and that the force of strong winds at 24,000 feet may have ripped away the huge section of fuselage.

The jet, with one of its two engines aflame and about 15 to 20 feet of its cabin exposed behind the cockpit and down to the level of the passenger seats, flew for 25 miles (40 kilometers) after the blast and made an emergency landing at Kahului Airport on Thursday, airline officials said.

The plane, en route from Hilo on Hawaii island to Honolulu International Airport on Oahu, was carrying 90 passengers and five crew members.

"One stewardess was walking right through the first class area when it happened, then she was gone," said a passenger, Al Rubl, of Compton, California. "I don't know what happened, but I didn't see her get off the plane."

Dale Brington, owner of Island Aeromarine, watched the landing from his company hangar at Kahului Airport and praised Mr. Schornstheimer.

"Because the upper structure was gone, there was a possibility of the plane buckling," Mr. Brington said. "If he hadn't been real careful, it could have busted in two. The man was highly skilled and it speaks well of the profession."

"There was a big bang when it happened and everybody looked up and we were looking at blue sky," said Bill Fink, a passenger from Honolulu.

Another passenger, Alice Godwin, of Boulder City, Nevada, said she put on a life jacket and put her head between her knees. "I sang all the hymns I knew," she said. "That kept me busy."

Mark Eberly, a ramp supervisor at the airport, said he dropped to his knees in shock as he watched the plane land with one of its engines smoking and the section of fuselage missing. "I saw hair flying in the wind and arms dangling," he said.

"It looked like a convertible," said Joe Ronderos, of Los Angeles. "It was like somebody had peeled off a layer of skin. You just see all the passengers sitting there," said George Harvey, area coordinator for the Federal Aviation Administration in Honolulu.

Officials at Boeing Commercial Airplanes, the primary subsidiary of Boeing Co., said there were no fuel lines or other potential sources for an explosion in that part of the plane.

"The fuel is in the wing, the engines are in the wing and the fuel lines are all right there," Boeing spokesman, Tom Cole, said in Seattle.

"To have it just explode in the air is just unheard of," Mr. Cole said. "I think this is a very unusual circumstance that is not related to any other accidents we have had."

Even in the extremely unlikely event that a turbine blade tore loose from an engine and tipped into the fuselage, it could not hit forward from the wing, and the effect would be nothing like what happened to the Aloha plane, Mr. Cole said.

The missing flight attendant, identified as Clarabelle B. Lansing of Honolulu, was probably either ejected by the blast or blown out of the plane by the wind, said Clifford Hue, a Federal Aviation Administration area manager.

Searchers found no trace of Mrs. Lansing, 37, or the missing section of the plane, he said. (AP, UPI)

# 10,000 Are Left Homeless After Blaze in Manila

**MANILA** — About 10,000 people left homeless by one of the biggest fires in Manila in 40 years camped out along railroad tracks near their razed shantytown, officials said Friday.

About 300 children were evacuated to an elementary school in Pandacan, the crowded Manila neighborhood where officials said the fire on Thursday destroyed more than 1,000 houses and left 10,000 residents homeless.

Relief workers distributed rice and canned fish on Friday and set up a community kitchen for victims, social welfare officials said.

An arson investigator said the police were still trying to determine the cause of the fire.

Brigadier General Ernesto Madrigal, the fire chief, said the blaze was "possibly the biggest in Manila since World War II." He said only a shift in winds had prevented the fire from reaching a nearby oil storage area.

Mr. Myers cited the "extraordinary performance" of the pilot in bringing the plane in safely.

"I give credit to the pilot. He brought that plane down so smoothly. It was just like riding in a Cadillac," said John Lopez, a passenger from Hilo.

"I've had worse landings in normal aircraft," Dan Dennin, of Honolulu, said.

# U.S. '87 Arms Outlays Exceeded Soviets' by 32%

**By Molly Moore**  
Washington Post Service

**WASHINGTON** — The United States spent far more on military weapons last year than the Soviet Union, equalizing military spending between the two superpowers for the first time in recent history.

The Reagan administration, which initiated the annual comparison of the two nations' militaries seven years ago, has leaned heavily on its conclusions in the Pentagon's efforts to win more money from Congress.

Although the North Atlantic Treaty Organization nations have outspent their Warsaw Pact counterparts for more than two decades, this was the first acknowledgment by the Pentagon that the U.S. military budget has equaled that of the Soviet Union.

The report cautioned, however, that the Soviet spending of the past decade had been about 20-percent higher than that of the United States, offsetting any edge the U.S. maintained in 1987. The report also maintained that the technological advantage the United States and the West have held over the Soviet Union is being slowly eroded.

The Pentagon, which has been studying development of a new class of earth-penetrating nuclear weapons, also made public details of the Soviet Union's huge underground network of tunnels and subways designed to protect its leaders in the event of nuclear war.

Although details of the underground tunnels have long been public knowledge in the West, the Pentagon dedicated almost three pages of its report to the system.

The Pentagon document said the deep underground network, which has been expanded over the past 40 years, can accommodate thousands of people and would provide command and control capabilities for Soviet leaders in a world war. The network of tunnels allow the Kremlin's top leaders to move from their "peace-time offices through concealed entrances down to protective quarters below the city, in some cases, hundreds of meters down," according to the Pentagon report.

Defense Secretary Frank C. Carlucci said Friday that the United States had programs that "could counter the Soviet tunneling system at considerably less cost than they have obviously put into them."

He declined to reveal further details of the highly classified program, however.

according to new documents made public by the Pentagon on Friday.

The Pentagon spent about 32-percent more on new weapons in 1987 than the Soviet Union, according to Defense Department estimates. The U.S. military spent about \$80 billion on procurement last fiscal year.

"As a result of the continued growth of U.S. outlays, primarily for procurement, the annual difference in the cost of the military programs was virtually eliminated," according to the Pentagon's 1988 edition of "Soviet Military Power," its annual assessment of the Kremlin's defense forces.

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# Untested AIDS Drug May Block Virus

**By Susan Okie**  
Washington Post Service

**WASHINGTON** — An experimental drug popular among some AIDS victims as an unapproved treatment for the disease has been found to block the AIDS virus from damaging the cells that are its normal targets, researchers reported Friday.

The findings by Hiroaki Mitsuya, Dr. Samuel Broder and other National Cancer Institute scientists are likely to intensify the interest in the drug, dextran sulfate.

The drug already was considered a "high priority" drug for study in patients with acquired immune deficiency syndrome at federally funded centers testing experimental treatments for the disease.

Dr. Broder called dextran sulfate "a very interesting drug" but cautioned against premature optimism, saying that it must be carefully studied in patients infected with the human immunodeficiency virus, known as HIV.

"We think it has at least several different mechanisms of action, one of which is inhibition of the ability of the virus to bind to its target cells," he said.

but he said researchers are uncertain whether dextran sulfate, a large sugar molecule containing about 20 percent sulfur, can be absorbed from the intestines into the bloodstream in a form that remains active against the virus.

In the study, reported in the journal Science, researchers studied the ability of HIV to infect and damage white blood cells known as T-lymphocytes when the cells were exposed to virus particles in the presence of dextran sulfate.

The drug protected T-lymphocytes from damage by the virus. Dextran sulfate also prevented cells already infected with HIV from fusing with nearby uninfected cells. This fusion is believed by many researchers to be one of the major ways by which HIV infection destroys the immune system.

In a separate experiment, dextran sulfate also proved able to block virus particles from attaching to a protein on the surface of T-lymphocytes, an event thought to be the first step in a cell's becoming infected.

Dextran sulfate is one of the most popular "underground" AIDS treatments, with most patients obtaining the drug from Japan, according to Martin Delaney of Project Inform, which provides information on treatments.

**Senate Clears AIDS Plan**  
The Senate approved Thursday a program of education, treatment and research to combat AIDS at a cost of as much as \$1 billion. The New York Times reported. The measure was the first comprehensive plan dealing with AIDS to come before Congress, and it had bipartisan support, winning by a vote of 87 to 4.

The bill now goes to the House, where approval is expected. President Ronald Reagan is expected to sign the measure.

Most of the money, much of it requiring separate legislation, would be spent in fiscal 1989, which starts Oct. 1.

The bill sets a ceiling of \$590 million for spending on AIDS education, treatment and care. It also calls for accelerated research, especially toward seeking vaccines against AIDS, that is expected to cost more than \$400 million.

One part of the bill approved by the Senate would bar federal funds from prevention programs that "promote" homosexual behavior, the Los Angeles Times reported.

**88,081 Cases Worldwide**  
A total 88,081 cases of AIDS have been reported in 138 countries through April 27, the World Health Organization said Friday, Reuters reported from Geneva.

This was an increase of 2,808 cases since the organization's last global tally of the spread of AIDS on March 31.

The organization said reported cases are only a fraction of the true worldwide total, which it has estimated at 150,000.

The United States accounted for most of the rise, with 2,408 new reported cases since its last notification on March 7, lifting its total to 57,575.

Mexico reported 1,233 cases, up from 713 when it last reported on the disease in October.

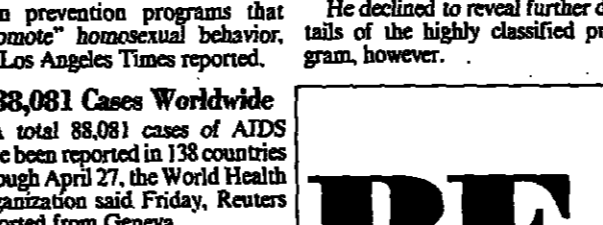
Other increases were notified by West Germany with 1,906 cases, up from 1,848 last month, Britain 1,429, up from 1,344, and Australia 813, up from 758.

With more parents out working, more teen-agers are taking on kitchen chores. "Teens are having to tackle a primary responsibility for grocery shopping and preparing meals," says Peter Zollo of Teenage Research Unlimited in Lake Forest, Illinois. He said a survey of 2,200 teen-agers found that 80 percent said they had made a meal for themselves in the previous week, compared with 64 percent in 1984. Teen-agers tend to favor using the microwave oven, which is now a fixture in more than two-thirds of American households.

**Short Takes**  
The drawing of the Northrop stealth bomber released by the air force may be as significant for what it does not show as for what it does. Aircraft engineers told the Los Angeles Times that the drawing omits important elements and includes deceptions, such as an oversized cockpit and an unlikely flatness to the upper wing surface, thus keeping vital information secret. Often with such drawings, one designer said, "we take a great deal of liberty in disguising things we feel are important technologically." The number of engines is not clear from the drawing, but one engineer remarked, "I would bet a nice cold beer that it has four engines."

The New York University Law School faculty has adopted a sex-bias code that is probably the most comprehensive of any law school in the United States. The New York Times reports. Outright harassment is prohibited as are such practices as a law professor's calling only on women students, or saying he will not tell certain jokes because ladies are present, or when citing hypothetical cases, having the client always be a woman and the lawyer, judge or legislator always a man.

When Lillian and Stewart Kelly, pictured above, won Canada's record Lotto jackpot of \$13,890,588.80 there were over 1 million winners in total, with over \$37,000,000.00 in prize money awarded. The prize breakdown shown here indicates the actual winnings for that draw.



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PRIZES	NO. OF PRIZES	PRIZE VALUE
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2ND PRIZE (5 OUT OF 6 PLUS BONUS)	10	\$443,491.80
3RD PRIZE (5 OUT OF 6)	716	\$13,704.70
4TH PRIZE (4 OUT OF 6)	48,977	\$1,798.30
5TH PRIZE (3 OUT OF 6)	988,112	\$100.00
TOTAL PRIZES	1,074,759	TOTAL PRIZE VALUE \$37,443,228.10

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Herald INTERNATIONAL Tribune

Seoul Passes a Tough Test

The voters have administered the second sternest test to the government of South Korea, and the government has met it with admirable grace. The hardest test would be if the voters decided to throw the government out of power, that has not happened.

It Won't Help the Market

When investor panic creates a stock market crisis, why not stop trading for a few hours and give calmer heads a chance to prevail? That is the beguiling logic behind the New York Stock Exchange's proposal for a "circuit breaker," an automatic halt in trading when market averages shoot up or down by some specified amount.

To Mop Up Military Gravy

No waste in government is more obvious than keeping military bases open only to benefit a particular congressman or senator's constituents. At last, leading members of Congress have come up with a sensible, nonpartisan antidote. They propose a bipartisan commission that would select bases to be closed, saving up to \$5 billion a year.

Other Comment

A Balancing Act in Seoul

In December, Roh Tae Woo was elected [South Korea's] president when his two main rivals split the opposition vote. This week his party lost its majority in the National Assembly to the still-split but now canny opposition. Korea's young democracy now has to cope with the balancing act the election result has thrust upon it.

Poland's Spreading Unrest

The strike at Poland's biggest steelworks, at Nowa Huta near Krakow, has now become the country's most serious industrial dispute since the unrest of 1980-81. The conflict threatens not only the Polish leadership's economic reform program, but also the uneasy contract between the regime and the people after the lifting of martial law.

For Japan, a Third Great Transformation

By Hobart Rowen

TORONTO — At the famous New York Plaza Hotel meeting in September 1982, a reluctant Tokyo government agreed to push the dollar down and the Japanese yen up in the expectation that the shifts in exchange rates would reduce the huge American trade deficit.

which began picking up a year ago as the yen rose, is now down to 2.7 percent. The same high yen that permits Japan to find investment bargains in the United States pushes down the cost of many imported commodities priced in dollars, notably oil.

The stronger yen was supposed to have hurt. It yielded a bonanza worth \$400 billion.

to an amazing \$400 billion. That, says a Japanese banker, Hiroshi Kashiwagi, is the amount by which Japan has benefited since 1985 from the combination of the skyrocketing yen and lower commodity prices.

In Panama, Sanctions Fizzle Again

By Jim Hoagland

PARIS — The failure of economic sanctions to dislodge Manuel Antonio Noriega from power in Panama is forcing the administration to edge back from that policy and toward negotiations. Some good will have come out of this chummy confrontation along the isthmus if President Reagan and his aides had sanctions as an unwelcome policy tool that rarely accomplishes their objectives.

Sanctions are better as a threat than as reality, a club to wave in the air rather than to hit somebody with. It is puzzling that formal economic restrictions have turned out to be a favorite instrument of a conservative Republican administration dedicated to the magic of the marketplace.

If He's Serious, Gorbachev Should Start With Ethiopia

By Robert J. McCloskey

NEW YORK — President Reagan recently appealed to Mikhail Gorbachev to intervene in Ethiopia before the famine there is taken to an even grimmer level by a "scorched earth" policy imposed by the Moscow-backed government.

tion guerrilla groups in which the two agencies lost 23 vehicles and 450 tons of food. Such an escort would make military targets of the convoys.



By KAL in the Observer (London), C&W Syndicate.

Why Jackson Believes 'We Are Winning Every Day'

By David S. Broder

CINCINNATI — For Jesse Jackson, in the twilight of his second presidential campaign, winning has meanings that cannot be captured by primary election returns or polls.

take a picture of me with you?" the man had asked. As they stood waiting for the shutter to snap, he told Mr. Jackson: "I marched in Selma."

and the environment is changing." There is an important political point about these musings. Mr. Jackson is as ambitious as any politician I know. But those who ask "What does Jackson want?" overlook what Mr. Jackson sees he has already gained.

In Belfast, No One Raises the Subject

By Sally Belfrage

LONDON — "It was pretty bad for a time there," people say in Belfast about the events of the spring. But there is a parochialism in the Ulster Defence Association's reply, was "pretty bad" depends on just where you are.

English — many of whom had seen the mob murder of the soldiers on live television — shared her view. It was thus a surprise to find the Andersonstown event never brought up in Andersonstown itself. A new plaque, listing 26 neighbors killed in the troubles ("they were faithful and they fought"), was being taken down so Mairead Farrell's name could be added. A much beloved local heroine who had spent a third of her 30 years in prison, she was gunned down in Gibraltar. But her death is still freshly mourned by all: "She was such a part of Andersonstown. The whole place was devastated."

Catholics were still paying lip service to the idea that the Brits, not the loyalists, were the problem, and you didn't hear much about Orangies. Strictly speaking, the term refers to the Masonic-style Orange Order, but now orange is again the color of the Protestant enemy.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. FALEY, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINCIGUERA, Executive Editor • WALTER WELLS, News Editor • SAMUEL ABE, KATHERINE KNORR and CHARLES MITCHELMOORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Pages • JAMES R. CRATE, Business Financial Editor • RENE BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISON, Circulation Director • ROLF D. KRANEPUHL, Advertising Sales Director • International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92300 Neuilly-sur-Seine, France. Tel.: (1) 46 37 93 00. Fax: Advertising, 612 955; Circulation, 612 932; Editorial, 612 718; Production, 630 698. Directeur de la publication: Walter N. Thayer. Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 0511. Tel: 472-7768. Telex: RS 69028 Managing Dir. Asia: Malcolm Glenn, 50 Gloucester Road, Hong Kong, Tel: 5-8610616. Telex: 61170 Managing Dir. U.K.: Robin MacKinnon, 61 Long Acre, London WC2E. Tel: 836-8802. Telex: 262009 Gen. Mgr. W. Germany: W. Lautbach, Friedrichstr. 15, 10000 Frankfurt/AM. Tel: (069) 736723. Telex: 416721 Pres. U.S.A.: Michael Conroy, 830 Third Ave., New York, N.Y. 10022. Tel: (212) 753-3891. Telex: 477173 S.A. en capital de 1,300,000 F. RCS Nanterre B 732621132. Commission Paritaire No. 61337 © 1982, International Herald Tribune. All rights reserved. ISSN: 0294-8052.

100, 75 AND 50 YEARS AGO

1888: Notes on the Arts PARIS — Sarah Bernhardt will touch at Toulouse on her way north, and play there in Zola's "Thérèse Raquin." Sardou's "La Tosca," and her own piece, "L'Aveu." ... There is no truth to the story that Wagner's breakfast table now adorns a well-known restaurant on the Boulevard des Invalides. The real table is in Kentucky. ... The diamond which Mme. Henri Schneider lost at the Opera on Saturday night [April 28] has been found. It was lying between two chairs in her box. The diamond once formed part of the French Crown jewels. ... The latest musical sensation in St. Petersburg is a concert given by forty-eight lady pianists operating on twenty-four grands.

1913: Appeal to Syria NEW YORK — Delegates of the Syrian-American Moral Revolutionist Association, meeting in Minneapolis [on April 29], resolved to call

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ARTS / LEISURE

Value Without Glitter At Small Paris Sales

PARIS - The glitter is in the big international auctions, but to collectors and professionals the thrill, be it in London, New York or Paris, is in the small sales with slim catalogues and no publicity.

Wednesday at Drouot, Olivier Riemmer was conducting one of those old-fashioned French-style auctions—a bit of everything from a couple of English prints at the beginning to paintings, porcelain, furniture and rugs.

These are ideal conditions for buyers, assured as they are of not being confronted with any competition from major dealers too busy to attend such a session.

tion from major dealers too busy to attend such a session. An additional element of whimsy made it easier still. The picture section started off with the oeuvre of Auguste de Bourgade, whose name has never been heard at auction and is unlikely to be in the near future.

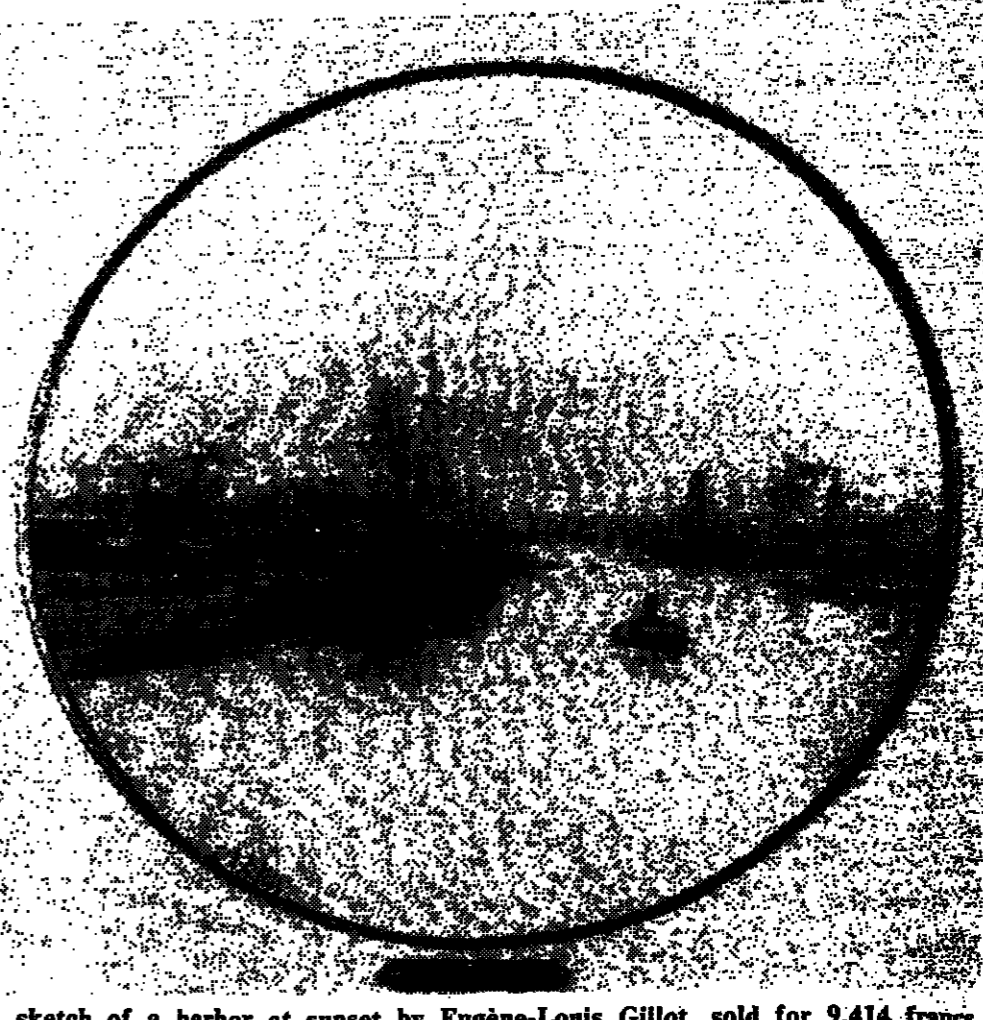
he traveled to the south of France and discovered sunlight. His brushwork loosened, his color scheme brightened.

His "Village de Roussillon," included in Wednesday's sale, is a preparatory sketch for "Roussillon Provence, an Pays des Ocres," exhibited in 1896 at the Grand Palais Salon and, later, at the Paris world exhibition of 1900, where it was bought by the French government.

This was followed by the work of an artist whose story resembles Gagliardini's but who painted in a style and mood that are utterly different. Eugene-Louis Gillot was born in 1868 and died in 1925, two years before Gagliardini.

Liverpool Academy in 1810. The two landscapes painted by Daniel at age 57, at the height of his career, are done in a meticulous manner with a concern for detail that could be called topographical if it were not for the intensely poetic handling of light.

An acquisition of the same order could have been made 10 minutes later in the field of Old Masters when the homeopathic sprinkling of 17th- and 18th-century pictures concluded the painting part of the auction.



A sketch of a harbor at sunset by Eugène-Louis Gillot, sold for 2,414 francs.

rosy-cheeked fleshy young man seated by a pond contemplating his reflection in the bluish water. In the distance, Echo appears as a distraught woman equally fleshy, aimlessly flailing her arms behind a cluster of trees.

Eric Turquin, the leading Drouot expert in Old Masters, catalogued it as the work of Jean-Baptiste Forest, active in the late 17th century, on the basis of the artist's drawings.

The same misfortune befell another good picture, a landscape by an Italianized northerner, Pieter Mulier the Younger, known in art history as Tempesta.

To anyone wanting the Forest or the Mulier, it would have cost only a couple of bids more to match the reserve in each case.

32,000 francs. This just wasn't the right context.

some people, is money.

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The Special Report on ARTS & ANTIQUES - will be published on May 24, 1988

Chekhov Makes Nicaragua Début

By Stephen Kinzer - MANAGUA - The timeless characters from Chekhov, never before seen in Nicaragua, are onstage at the country's largest theater this week.



Nicaraguan actors rehearse a scene from "The Cherry Orchard."

Even by Central American standards, Nicaragua is no haven for culture, especially the performing arts. Culture, usually lacking immediate political value, has been stranded while the country has been consumed by war and economic crisis.

At the premiere on Tuesday, Chekhov was obviously something very new and puzzling for Nicaraguans. The audience filled only half the 1,300-seat Rubén Darío Theater, and the steady performances reflected the enormous limitations under which artists function here.

Adding to the curiosity was the fact that the production was directed by a Lithuanian, Adolf Shapiro, who brought a set designer and a teacher of movement with him from Moscow, where he now works.

Artists on the level of Shapiro are not a common resource in Nicaragua. With him he brought not just two assistants and the Chekhov text, but a belief that drama must transcend politics.

The Soviet Embassy co-sponsored the production, which was partly underwritten by several local businesses, including a brewery and a pizza parlor.

At least some theater people here have begun looking further afield, and they pounced on Shapiro when he visited Nicaragua to view a theater festival two years ago.

"I didn't want to miss the chance of working with Shapiro," Benita said. "This is the kind of thing we have to be doing in Nicaragua if we want to connect our people to universal culture."

With peace possibly on the Nicaraguan horizon and political bias beginning to blur, many sophisticated psychological dramas may begin to find an audience here.

DOONESBURY - I CAN'T BELIEVE HOW GOOD IT IS TO SEE YOU AGAIN, NICOLE... I FEEL THE SAME WAY, MIKE. WHAT ARE WE GOING TO DO ABOUT IT?

Most of the actors in this production are part of the National Comedy Company, one of Nicaragua's few professional theater groups. The head of the company, Socorro Bonilla Castellón, has returned to the stage in the role of Madame Ranevsky.

WHAT WOULD I THINK OF... OH, GOD! GUILT AT THE VERY THOUGHT!

AUCTION SALES

Don't miss your historic chance: Historica - in Auction in Hamburg. May 27th and 28th, 1988

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AUCTION (under the aegis of Etude Staehli) - The Estate of the Late Baron Erich von Goldschmidt-Rothschild - Tuesday, May 10, 1988 at the Hotel Noga Hilton, Geneva.

AUCTION SALES - To be sold at auction in Stockholm the 4th of May. "Marseille" Signed by Albert Marquet Oil on canvas 50 x 61 cm Painted 1916

Monday in the Trib. Get the latest word from William Safire on Language.

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مكتبة الأصيل

# Australia: Tacking Toward Asia

## IN THE NEWS

### Jan. 26: Aborigines Prepare Bicentennial Protests

Thousands of aborigines from across Australia meet in Sydney in preparation for protests to be held as the country celebrates the bicentennial of the arrival of the first white settlers.

### March 19: Labor Suffers Setback in State Election

The governing Labor Party is defeated by a Liberal-National Party coalition in the New South Wales state election, ending 12 years of Labor government.

### March 23: Australian Dollar Rises to 2-Year High

The Australian dollar reaches its highest level against the U.S. dollar in nearly two years. Strong offshore buying prompted by relatively high interest rates in Australia pushes the currency beyond 74 U.S. cents during the day's trading.

### March 28: GDP Posts Gain in Fourth Quarter

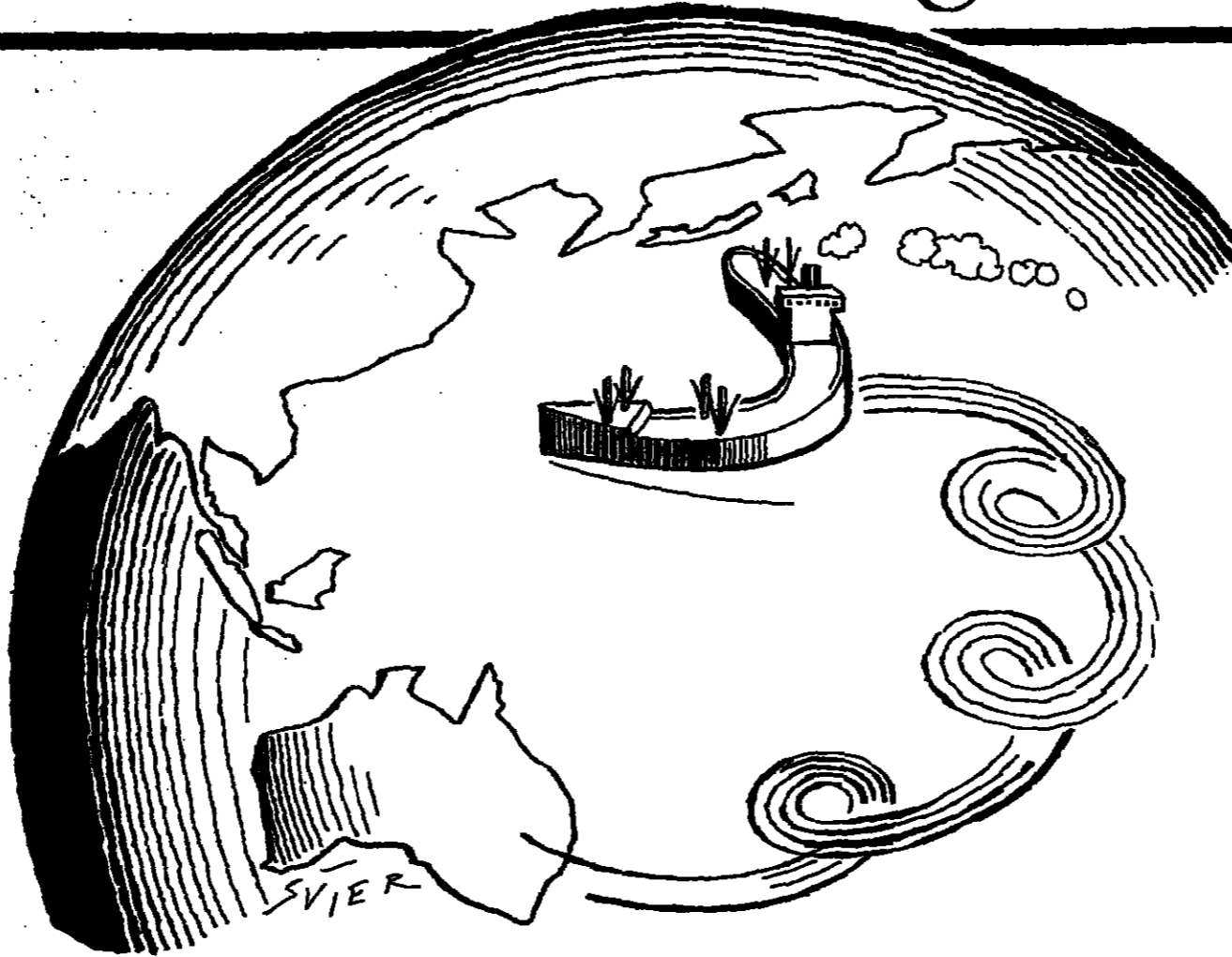
Australia's gross domestic product rises 1.5 percent in the fourth quarter of 1987, the Statistics Bureau announces. The quarterly figure is 4.6 percent higher than that for the same period a year earlier.

### April 10: Air Merger Plan With New Zealand Dropped

A proposal to merge Qantas, Australian Airlines and Air New Zealand is dropped after controversy arises in both countries over the plan. The Australian government was to have had a 41-percent stake in the carrier formed from a merger of the three airlines.

### April 30: World Expo To Open in Brisbane

Australia's largest bicentennial event, World Expo '88, was to open in Brisbane. Officials said about 44,000 people a day were expected to attend.



## New Faces Change The Nation's Face

### Regional ties flourish on the ruins of 'white Australia' policy.

By Michael Richardson

CANBERRA — About 1.3 million people will have applied to immigrate to Australia by the time the financial year ends in June. One in 10 will be selected for settlement.

If the pattern of the past few years is repeated, about 33 percent will come from Asia, 31 percent from Britain, Ireland and New Zealand and the balance from other parts of the world.

The diversity of this mass immigration is a major factor in the striking changes at work in modern Australia, changes that profoundly affect the structure of the country's economy and the attitudes of its people.

Accompanied by a shift in trading patterns over the past 30 years from a dependence on Britain to an increasingly important relationship with Asia, they have helped transform Australia from an isolated and overwhelmingly Anglo-Celtic enclave on the periphery of Asia into a more outward-looking country with stronger ties to the Asia-Pacific region.

The emergence of today's multicultural, multicultural Australia, which is quickly apparent to any visitor, owes much to the abandonment in 1973 of the last vestiges of a "white Australia" policy that had blocked non-European immigration since 1901.

Stephen Fitzgerald, a former Australian ambassador to China who led a recent federal government review of immigration, contends that the inflow of settlers selected without discrimination has stimulated economic growth, adding new skills and investment, and has brought a willingness to work hard to a country known for its relaxed lifestyle.

Mr. Fitzgerald also believes that the revised immigration policy has helped Australia devel-

op closer ties with the Asia-Pacific region, where the racially discriminatory policy had been offensive.

Two decades ago, Europe absorbed 31 percent of Australia's exports and provided 41 percent of its imports. By 1986, these ratios had dropped to 21 percent and 29 percent respectively. In the same 20-year period, Asia's share of Australian exports rose from 40 percent to 53 percent, fueled by Japan's need for raw materials and rapid economic growth in other countries of East Asia. The Asian share of Australia's imports rose from 23 percent to 40 percent.

Trade is central to Australia's commodity-dependent economy. When international demand and prices for Australia's main export commodities collapsed in the early 1980s, the economy was severely affected.

Falling exports and revenues combined with high levels of government expenditure and wage increases made national spending grow much faster than income, and Australia was forced to borrow abroad. Net foreign debt leaped from 8.5 billion Australian dollars (\$6.5 billion) in mid-1981 to nearly 87 billion dollars in December 1987, or about 32 percent of gross domestic product. The cost of repaying principal and interest now consumes about 20 percent of annual export earnings.

After winning general elections in 1983, the Labor government of Prime Minister Bob Hawke floated the Australian dollar, cut government spending, negotiated wage restraint with trade unions and deregulated financial markets and interest rates.

Since 1985, the value of the Australian dollar has fallen about 33 percent against a basket of foreign currencies, and by substantially more against the strongest currencies, such as the Japanese yen, making Australian exports far cheaper for many overseas buyers.

Robert J. White, a director of Westpac Banking Corp., said recently that, by floating the dollar, the Labor administration had opened Australia to a range of economic disciplines that no previous government in Canberra had dared to accept. As a result, he said, all economic activity has become subject to international market forces.

Malcolm Fraser, former prime minister of the Liberal-National Party coalition government that lost office to Labor in 1983, said he believes that the greatest benefit of the pragmatism shown by the Hawke government may

Continued on page 10

## End of Isolation Poses Dilemma

By Geoffrey Blainey

MELBOURNE — Australia today is like a large raft that is being swept swiftly along an uncharted river. In 30 years' time, it might be far along the river, in a place that now seems unrecognizable. On the other hand, Australia might be floating in a backwater not far from its present stretch of river.

Its present problems are social, political, strategic and, not least, economic. All are soluble. The eventual solution, however, could produce a very different Australia.

On paper, Australia's advantages far exceed its weaknesses. It is the world's only nation with a continent to itself. While most of the terrain is dry and while the huge "lakes"

depicted on Australian maps hold no water in a normal year, Australia is, by virtue of efficient farming, a large exporter of grains, meat and wool. It is also one of the world's great miners.

Since the British began to displace the aborigines, Australia has not been invaded. Even

### COMMENTARY

during the Japanese advance in 1942, only a few small tropical Australian towns were bombed.

Political and social institutions in Australia are stable, although the stability is perhaps eroding. Australia is one of the world's six or seven oldest continuous democracies. It was

the first nation to allow women both to vote in elections and to run as candidates.

Australia has profited from its relative isolation, which gave it military security. But the isolation is diminishing, and that fact will help to reshape Australia. It might even endanger its independence.

The original Australians arrived at least 40,000 years ago, when the sea levels were much lower and Java and Borneo were part of the Asian landmass. Their arrival was the triumphant end of a slow chain of voyages to successive islands, most of which were visible from the adjacent island on a clear day.


These aborigines and their descendants explored every corner of Australia and named every peak and creek. Their way of life was

Continued on page 8

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# Hawke's Voters Turn Rebellious

'Maybe there are some things I've got to do differently.'

By Michelle Grattan

CANBERRA — Less than a year after winning a record third term, Australia's Labor government, led by Prime Minister Bob Hawke, finds itself confronting the possibility that the electoral tide might be turning against it so seriously that its chances of a fourth term may be lost well before the 1990 election.

The government has been shaken by losing one by-election and suffering a big swing in another. The Labor government in the key state of New South Wales was turned out of office after 12 years.

Those deserting Labor are its traditional supporters: Australians earning average wages who have been feeling the pinch of the policies necessary to make the economy competitive. These voters' living standards have been squeezed for several years under the impact of Australia's trade problems. They are also disillusioned with seeing former ministers getting plum government jobs.

Mr. Hawke has been criticized for spending too much time on the golf course and having too many rich friends. Both the government and Mr. Hawke are plummeting in the opinion polls. The Bulletin magazine's Morgan Poll reported, under the heading "Bob's Charisma Countdown," that by late March Mr. Hawke's approval rating had plunged to the lowest point since he became prime minister.

The Labor Party has become much more assertive in its relations with Mr. Hawke, although it is not questioning the direction of economic policy. For example, Mr. Hawke failed to get the candidate he wanted as the party's national secretary. The electoral setbacks, meanwhile, have triggered a party probe into the reasons for its declining support.

While the government is in serious political trouble, the economy is looking relatively healthy. The October stock market crash has not had much effect. The strengthening in international commodity share prices is good news, although the question is how long it will last.

Inflation is falling and is expected to reach about 6 percent in June, dropping below 5 percent by June 1989. Unemployment is down to 7.4 percent. The Australian Council of Trade Unions has agreed to take this declining inflation rate into account in a new wage structure. The Hawke government has said it will make cuts in the personal income tax next year.

Mr. Hawke tells Australians that the worst is over, that living standards can now be main-



Bob Hawke

Australian tariffs, but the extent is yet to be decided.

While general economic policy is on course, the drive by Mr. Hawke and Mr. Keating to sell off government business enterprises is floundering. Mr. Hawke has had progressively to narrow the agenda. A plan for a new airline, with 49 percent private capital, to be achieved by a three-way merger of the international carriers Qantas and Air New Zealand and Australian Airlines, the government's domestic carrier, has fallen through.

With opposition in the Labor Party to "privatization" continuing to mount, Mr. Hawke seems to have little chance of getting big changes to the headline party platform at the Labor Party conference in June. The platform strongly supports continuing government ownership of enterprises that are already in government hands, although he is still looking for some compromise. The Labor government is bound by the decision of the conference, which comprises delegates from the state branches of the party.

MR. HAWKE and Mr. Keating have driven the Labor Party to accept policies of economic rationalism, but when it comes to selling off government businesses, which have a long history in Australia, the party appears increasingly determined to draw the line.

The party will be more supportive of the government's plans later this year to try to reform Australia's outdated constitution. The planned changes include lengthening the Parliament's term from three to four years, abolishing the "errymanders" that exist in some states, and enshrining some "rights," such as the right of assembly. But the government has backed away from an earlier proposal for a fixed-term Parliament, fearing that the opposition to it would be too strong. The conservative parties will oppose the referendums, considerably reducing their chances for success.

Australia's conservative opposition, which includes the Liberals and the National Party, is benefiting from the government's mistakes, but is still fighting internally. As happened last year, the conservatives are having trouble assembling a taxation policy. Taxes are likely to be a key issue again in the 1990 election. The Liberal leader, John Howard, is wondering whether to include a consumption tax in the policy. But the rural-based National Party is strongly against this. So are many Liberals, including the shadow treasurer, Andrew Peacock.

There is no challenger for Mr. Howard's leadership of the conservative forces. But his performance comes under wide criticism, muted only because Labor's problems have given the conservatives a natural break. Mr. Howard has had recent clashes with the new president of his Liberal Party, John Elliott, an international businessman. Mr. Elliott, who embarrasses the Liberals by speaking his mind, insists he is not interested in a parliamentary career in the medium term, but the Liberals' parliamentary leaders have been suspicious of his intentions.

MICHELLE GRATTAN is the chief political correspondent for the Melbourne Age.



Protesters in Brisbane ask what aborigines have to celebrate during Australia's bicentennial year.

# Aborigines: Australia Grapples With a Problem of Conscience

By Michael Richardson

CANBERRA — While most Australians are happy to make 1988 a year of national celebration to mark the 200th anniversary of European settlement, militant groups of aborigines — the original inhabitants of the continent — have declared it a time of mourning.

Aborigines in Australia have little political leverage. There are roughly 206,000 of them, in addition to about 22,000 Torres Strait islanders, but together they form only 1.5 percent of the total population of 16 million.

But, particularly this year, they represent a problem of conscience for Australians and their leaders.

Prime Minister Bob Hawke noted in a speech on New Year's Day that from wretched beginnings the first Europeans and subsequent settlers in Australia from many different parts of the world had built a nation marked by unity and diversity.

"This is something we can properly be proud of," he said. However, in a reference to aborigines, he added that there was "a darker side" to this history.

"Mistakes have been made, wrongs have been done, injustices have been inflicted," he said. "And it does no service to the memory of the pioneers or to our own generation — and even more important, no justice to our hopes and ideals for the future generations — if we ignore these things."

Shirley McPherson, an aboriginal who chairs the Aboriginal Development Commission, gives a battery of statistics that show how far many aborigines lag behind the general community. The commission is the largest aboriginal agency funded by the government.

"Our life expectancy is 20 years less than other Australians," she said. "Aboriginal babies are three times more likely to die, and those who survive are far more likely to live in substandard housing or temporary shelters."

Unemployment among aborigines, she pointed out, is four times higher than the Australian norm, while their income is only half the national average.

"Our home ownership rate is 19 percent compared with 70 percent for non-aboriginal Australians, and the imprisonment rate of aborigines is 15 times higher than that of the general population," Ms. McPherson said.

A commission of inquiry appointed by the government is investigating the deaths of more

than 90 aborigines in prison since 1980. Most were found hanging in their cells. Police have denied allegations of brutality against aborigines in prisons and have described the deaths as suicides.

Debate about the position of aborigines centers not only on what should be done to rectify past injustices and present inequality, but on who should be regarded as authentic spokesmen for black Australians.

Aborigines are scattered widely throughout Australia. Most live in Western Australia, the Northern Territory, Queensland and New South Wales.

In the past, there has been little cooperation between aboriginal rural and urban dwellers, between members of different tribes and clans, or between young east coast radicals and traditional elders in remote bush settlements.

Policy differences between the federal government and its territories, on one side, and some of the six states of Australia, on the other, have complicated management of aboriginal affairs.

Alleging widespread inequality and discrimination against black Australians, aborigines and their white supporters have held protests at some of the events staged for the bicentennial. The largest, in Sydney on Jan. 26, was a march of about 15,000 that included aborigines from around Australia.

The most extreme of these demands include separate nationhood for aborigines and the Torres Strait islanders, who inhabit dozens of small islands in the Torres Strait between the northern tip of Australia and Papua New Guinea.

Michael Mansell, legal adviser to the Tasmanian Aboriginal Center in Hobart, had planned this month to lead a small aboriginal delegation to Libya to seek financial aid and a Third World trade embargo against Australia.

White critics of this kind of radicalism, many of whom profess sympathy for aborigines, argue that it is divisive and draws attention away from practical policies that would help aborigines find jobs, raise their living standards and allow them to integrate more easily into the general community.

A substantial number of aboriginal leaders are wary of extreme proposals, although their voices are often drowned by those of the militants and find little space in the major Australian media.

Margaret Valadian, co-director of the Aboriginal Training and Cultural Institute in Sydney, an aborigine, believes that there has been

too much preoccupation in aboriginal affairs with political slogans and not enough thought given to programs that will diminish dependency.

"If aborigines are prevented from joining the mainstream of society and finding places in the labor market," she said, "then you're looking at apartheid in this country."

Gerry Hand, the minister for aboriginal affairs, announced in Parliament in December that the government would set up a commission of aborigines and Torres Strait islanders. In a recent interview, he said that an overwhelming majority of officeholders on the commission would be elected by aborigines in more than 50 regional councils throughout Australia.

Establishment of the commission, he added, was part of an attempt by the government to decentralize the administration of aboriginal affairs and make it more responsive to the aspirations and priorities of aborigines at the local level.

Existing aboriginal bureaucracies, including the Department of Aboriginal Affairs, are to be amalgamated and put under the control of the commission. An aboriginal economic development corporation will be established to fund aboriginal business enterprises.

These reforms have been overshadowed, however, by controversy over a proposed preamble to the legislation that will establish this network.

In the preamble, the government for the first time acknowledges that aborigines are the original owners of Australia. It also notes that they now form "the most disadvantaged" sector of Australian society.

Some opposition members asserted that this recognition could provide legal grounds for an avalanche of claims by aborigines to land ownership based on prior occupation, or to massive financial compensation for loss of land, through dispossession.

However, for the time being at least, court decisions that Australia before 1788 was terra nullius, or land belonging to no one, remain as legal precedents.

Mr. Hand, a member of the left-wing faction of the Labor Party, said the government would, in effect, be paying compensation to aborigines in the form of finance for a range of special aboriginal programs and business enterprises. The government hopes that the preamble will be the basis for making a historic compact with aborigines.

# End of Isolation Brings Identity Crisis

Continued from page 7

nomadic though systematic and they ate a wide variety of plant foods and meat, moving periodically to make the maximum use of the seasonal supplies of foods.

They possessed no permanent villages, no pottery, no irrigation and no domesticated plants and animals, with the exception of the half-tamed dog, the dingo, which reached Australia in the last few thousand years.

The nature of a nomadic society is to possess few material objects — its survival depends on traveling lightly. As its standard of living depended on maintaining a small population in a relatively large area, it was militarily weak.

The first British fleet reached what is now Sydney in 1788. When eventually the sheep and cattle multiplied and spread across the more fertile parts of the continent, the aborigines were in jeopardy.

They were rarely able to drive back the incoming British. But they suffered far less from military battles and from a thousand isolated episodes of violence than from such new diseases as measles, smallpox and influenza, to which they had no immunity.

By 1900, it was assumed that the aborigines would become extinct, so drastic was the fall in their numbers. In the last four decades, the aboriginal population of pure and mixed ancestry has grown swiftly and is now close to 250,000, or just 1.5 percent of Australia's total population.

In the last decade, a large injection of funds has not gone far toward remedying the poor health and low level of employment and low motivation of a large section of the aboriginal population. And yet, the fact is that some aboriginal leaders have a verbal fluency and political acumen that gives them a weight in Australian politics out of proportion to the tiny aboriginal share of the population.

In retrospect, the old aboriginal Australia was precarious because it existed in virtual quarantine. The confrontation in 1788 was therefore like a cataclysm: Here was England, the nation that had just invented the steam engine, face to face with people who could not boil water.

Significantly, Australia today faces a milder but still perplexing version of the same sequence of isolation and confrontation. For two centuries Australia was an outpost of European civilization, peopled by Europeans

who largely traded with Europe and who were willing to fight in Europe's wars.

Now, however, Australians in positions of influence are alert to their changed geography. While many are excited by Australia's closeness to Asia, many are quietly nervous of that closeness. This dilemma flows from Australian debates on economic and military policy, immigration and even a sense of national identity.

The Japanese capture of Singapore in February 1942, along with Australian and British armies, ended the long era when Australia relied on Britain's military strength to keep Asia at arm's length. The rise of Japan in the 1960s to become Australia's export market signaled a new dependence, economically, on Asia.

THE flow of Vietnamese refugees into Australia in the late 1970s — Australia in proportion to its own population has been the world's largest haven for these refugees — accelerated the turnaround in immigration policy from a reliance on European migrants to a strong preference for people from the Third World. Of Australia's net gain from migration — the excess of those arriving over those departing — Asian peoples alone have contributed nearly 60 percent in the last four years.

In a nation whose population is still 74 percent Anglo-Celtic in ancestry, and 94 percent European, this dramatic increase in non-European immigration is seen as too extreme and quick a change by most Australians. The main political parties, intellectual opinion and the media support the change far more than do typical Australians.

As an effective immigration policy depends far more on the prevailing attitudes in the suburban streets of Sydney than in the corridors of Canberra, the present policy could be sowing the seeds of tensions.

The swing from ignorance of Asia to an official policy of building bridges to Asia is sensible, but the speed of the swing and the hastily stitched ideology justifying the swing suggest that the pendulum at present may be going too far.

The slogan underwriting these changes is the emphatic claim that "Australia is part of Asia." Even if the slogan were factually correct, it suggests a crude form of geographical determinism. In a shrinking world, a nation has more opportunities than ever before to forge links with both distant and near nations.

Thus, Japan has recently extended its web of interest far from Asia.

Even as a statement of geography, the idea that Australia is part of Asia has to be treated carefully. All European lands are closer than Australia to the heartlands of Asia.

On the other hand, Australia is not distant from parts of Southeast Asia and is especially close to the populous nation of Indonesia; and that proximity will probably have a strong influence on Australia's future. Australia's vulnerability lies partly in the fact that its sparsely populated districts are those that lie closest to Southeast Asia.

In the long term, Australia's main problem is probably defense. It is unusual for a nation to possess a landmass and a great repository of natural resources and be unable to defend its territory adequately.

Australia relies heavily on the United States for its defense, but in the last resort an ally is useful only if it gives aid at the exact time when aid is needed. Australia was for long protected by the world's great naval power, Britain, but in the crisis of Pearl Harbor and Singapore, that special ally was overextended and could give little help.

The day could come when the United States is similarly overextended and cannot send its conventional military forces remain the arbiters in warfare.

On several vital issues, the nation's politics are often fuzzy with fantasy. Most Australian politicians, unlike their counterparts in Southeast Asia, do not understand that the security of the nation is usually the first goal in politics. Thus, there is a strong current of opinion that, because of the treatment of the continent's earlier aboriginal owners, Australia's own legitimacy is dubious.

The Liberal Party, even more than Labor, supports a policy called "multiculturalism," whereby ethnic groups are subsidized to maintain their own culture and encouraged to divide their loyalties between their homeland and Australia. Australia is in some danger of becoming a cluster of tribes. Such a nation has no sure future.

Australia's economic difficulties, though serious, are more easily remedied. Although the standard of living is falling and the nation's external debt is high and still rising, the economic problem, unlike several other national problems, is at least recognizable.

GEOFFREY BLAINIEY is a professor of history at the University of Melbourne.

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Armed Forces Spending

Military Strategy Concentrates on High-Tech Defense of the North

Critics assert that too much money is being spent on long-term projects and not enough to rectify glaring immediate weaknesses.

By Michael Richardson

CANBERRA — Defending Australia, a continent nearly as large as the United States and one and a half times the size of Europe, is a daunting task.

The northern coastline alone stretches for about 4,000 miles (7,000 kilometers) from Broome in the state of Western Australia to Cairns in Queensland. Separating these two small urban centers are vast regions of harsh and sparsely populated territory.

The land area of Australia is surrounded by almost equally large fishing and resource zones and some widely scattered Australian islands in the Indian Ocean, Timor Sea, Arafura Sea and the South Pacific Ocean.

The regular military forces are small. There are about 70,800 men and women in the army, navy and air force. Reserve strength is just over 30,000.

With a limited population base to draw on, Kim Beazley, the defense minister, believes that if Australia is to achieve a credible and increasingly self-reliant defense posture, it should acquire the most advanced military equipment.

"For Australia, it must be a technological fix. There is no alternative," he said in a recent interview. "Sixteen million people concentrated a long way from the main points of vulnerability on the continent cannot defend Australia by manpower solutions."

Mr. Beazley, who announced his defense reorganization program in a statement to Parliament in March 1987, added that the country could only be defended "by excellent surveillance equipment and well-coordinated basing and deployment of high-technology fighting equipment."

Defense planners say that acquiring the long-range warships, submarines, aircraft, troop transport helicopters, radar and intelligence-gathering installations that are needed over the next 15 years will cost about 25 billion Australian dollars (\$17.5 billion), the largest capital equipment program for the armed forces in Australia's peacetime history.

Critics of the Labor government's policy in the political opposition and among military analysts, particularly those on the right, believe that the annual allocation of 2.8 percent of gross domestic product for defense is inadequate.

They assert that too much of the available money is being spent on long-term projects and not enough to rectify glaring immediate weaknesses in Australia's defenses, including a high resignation rate. Peter White, a retired

army officer who is the opposition spokesman on defense, said the resignations were undermining the operational effectiveness of the armed forces.

As evidence of increased potential for unfavorable shifts in the balance of power in areas of strategic concern to Australia, critics point to growing Soviet involvement in Southeast Asia and the South Pacific. Libya's efforts to gain influence at the expense of Western interests in South Pacific island states and conflict between pro- and anti-independence forces in the French territory of New Caledonia. They also note the growing doubts about the future of U.S. bases in the Philippines, the two corps staged by the military in Fiji last year and India's recent acquisition from the Soviet Union of a nuclear-powered submarine with the likelihood that more will follow.

Australian military officials concede that it will take about a decade of effort before the northern defense strategy is fully operational.

They agree that Australia's neighborhood is becoming more complex, but say that none of the developments in the past couple of years represents anything like a direct threat to the country's national security.

Shortly after he announced the defense reorganization program, Mr. Beazley emphasized that Australia was not modernizing its military because it suspected its northern neighbor, Indonesia, the world's fifth most populous country, of hostile intent.

Referring to Japan's attempt to invade Australia in World War II, Mr. Beazley commented: "We can be, and have been, attacked through the Indonesian archipelago and the southwest Pacific. There is no other direction from which you could attack Australia without being almost certain of defeat."

Under the military reorganization, substantial parts of Australia's forces are being moved from relatively densely populated eastern and southern coastal areas to bases in the mainly empty north and west of the country.

Last month, Mr. Beazley announced that a northern military command would be established. He said the government would also build a permanent base for naval patrol boats on Australia's remote northwest coast.

The Second Armored Cavalry Regiment is to be relocated in Darwin, capital of the Northern Territory, and this may be followed by a regular brigade.

A chain of northern airfields is being progressively developed from Learmonth in the northwest to Cape York in the northeast, just below Papua New Guinea, so that combat, patrol and transport planes can operate from them.

In September, a major base for some of the

75 U.S.-built F/A-18 Hornet jet fighters being purchased by Australia is due to become fully operational. The base is at Tindal, near Katherine in the Northern Territory. Four Boeing 707 jets are to be modified for in-flight refueling to increase the Hornets' range and payload.

The Hornets will augment Australia's force of 22 supersonic swing-wing F-111 strike aircraft and 20 P-3C Orion maritime patrol planes armed with anti-ship missiles and depth charges for anti-submarine warfare.

A sophisticated electronic intelligence-gathering station is being built near Geraldton in Western Australia and three "over-the-horizon" radar complexes are planned at a cost of about 500 million Australian dollars. By bouncing signals off the ionosphere, this radar system, developed by Australian scientists with U.S. assistance, can detect aircraft and shipping movements in Southeast Asia up to 1,500 miles away, far beyond the range of conventional radar.

Mr. Beazley said that an effective over-the-horizon radar was of critical importance for Australia. "It will give us the capacity to put aircraft quickly where they need to be in any emergency," he said.

Another key element in the defense reorganization is enlarging the navy and moving nearly half the surface and submarine fleet to a base close to Perth, capital of Western Australia, by the mid-1990s. The present fleet headquarters are at Sydney and Jervis Bay on Australia's east coast.

Under the defense program, the number of major surface warships in the navy is to be increased to 17 from 12 at present. Six Swedish-designed Kockums Type 471 diesel submarines, among the biggest and quietest in the world, are to be built in Australia along with a new class of light patrol frigate, patrol boats and mine sweepers.

In the past few years, two destroyers and one of Australia's six aging Oberon class submarines have been moved to Western Australia. Other surface ships and submarines will follow at a rate of about one a year.

In the early stages of the defense review initiated by the Labor government, some officials in the United States and Southeast Asia expressed concern that Australia was becoming isolationist and might not maintain the capability for joint operations with friendly countries and forces in the Western alliance.

However, the 1987 defense statement emphasized that the policy of self-reliance was being pursued within a framework of military alliances and regional defense cooperation agreements, the "most significant" of which was the ANZUS mutual defense treaty with the United States.

Far from contracting, defense and intelligence collaboration between Australia and the United States has increased in the past few years.

Admiral Ronald Hayes, commander in chief of U.S. forces in the Pacific, noted recently that "security cooperation between the United States and Australia has never been better." Australia is the site for three joint U.S.-Australian facilities that provide the United States with important military communication links, intelligence and early warning of a nuclear attack.

The Labor administration in Canberra op-



Troops of the 1st Armored Regiment marching past their Leopard tanks.

posed the New Zealand Labor government's decision to ban nuclear-armed or nuclear-powered ships from its ports, a decision that led the United States to suspend military cooperation and its security guarantee to New Zealand under ANZUS.

However, the rift between Washington and Wellington has helped bring about a closer security relationship between Australia and New Zealand, with both countries agreeing to buy common equipment wherever possible, engage more frequently in joint exercises, exchange intelligence and work together to help maintain stability in the South Pacific.

In February 1987, the government announced that it would give the same priority to expanding defense ties with South Pacific islands as it gave to maintenance of long-standing defense relations with Papua New Guinea and Southeast Asia.

Canberra has set aside 16 million Australian dollars in 1987-1988 to supply patrol boats, training and other forms of security assistance to countries in the South Pacific. Military aid to Papua New Guinea this financial year is worth 23 million Australian dollars, while military cooperation with non-Communist countries in Southeast Asia will absorb 18 million Australian dollars.

Mr. Beazley said that self-reliance "requires, rather than precludes, active defense relations with our neighbors."

Australia has military cooperation agreements with Papua New Guinea, Malaysia and Singapore, but it will no longer station fighter aircraft in Malaysia and Singapore under this arrangement. The last Australian Mirage fighters were withdrawn from Malaysia a few weeks ago.

However, redeployment of forces to the west and north of Australia, Mr. Beazley explained, made it easier for Australian ships and aircraft to rotate through Singapore and Malaysia regularly for joint exercises and patrol work in Southeast Asia.

Perth, he pointed out, was about 1,000 miles closer to Southeast Asia than Sydney, while Tindal was as close to Singapore as it was to Canberra. He noted that the F/A-18 had a longer range and was easier to maintain than a Mirage. It could fly from Australia to Southeast Asia in four hours and remain there without elaborate support for a significant time.

Australia's failure to develop closer ties with Indonesia in the security field is a source of frustration for officials in Canberra. However, the root of this problem, Indonesia's military takeover of East Timor in 1975 and Australia's opposition to it, predates the election of the Labor government in 1983.

Air Marshal David Evans, who was chief of air staff until he retired in 1985, recently described the present system of coastal surveillance in northern Australia as "almost entirely

useless" against intrusion. The system is operated by civil aircraft under contract to the Defense Department.

Mr. Beazley admitted that there was a problem but said regular defense resources should not be wasted in trying to solve it. An effective over-the-horizon radar network would provide the best solution, he argued.

Mr. White said the hemorrhage of servicemen, particularly officers, was part of a morale crisis in the armed forces. A parliamentary committee is holding an inquiry into the causes of the resignations.

The resignation rate among male officers has risen from 5.4 percent in 1982-1983 to a projected 12.5 percent this financial year. Officials said higher salaries and better career opportunities offered by the private sector, particularly to pilots, engineers and skilled tradesmen, were a major cause of the attrition.

Two other things threaten to slow down and undermine the government's modernization program, critics say.

One is the possibility of further cuts in military expenditure. Another is labor unrest in the shipyards that build Australia's new submarines and light frigates.

Strikes and other action by some unions in the yards, critics say, cast further doubts on the cost-effectiveness of trying to achieve a greater degree of self-sufficiency in defense production.

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# Tough Fiscal Measures Halt Drift Toward 'Banana Republic' Status

By Maximilian Walsh

**S**YDNEY — Two years ago, Treasurer Paul Keating shocked his countrymen when he warned that Australia was headed toward "banana republic" status.

His remarks contrasted with the tone of optimism and self-congratulation that had until then characterized his observations about the economy.

But there was no doubting their accuracy. Australia had a current account deficit of about 6 percent of its gross domestic product. Its currency was depreciating rapidly, as inflation was running at 9 percent, and markets for Australia's export commodities were falling.

The country's foreign debt had, during the previous 12 months, jumped from 68.7 billion Australian dollars (\$51.6 billion), or 33 percent of GDP, to 86 billion dollars, or 37 percent of GDP.

And the outlook, especially for commodity exports, was bleak. Australia's top export earner — coal — faced declining demand in Japan, its biggest market. Its price was roughly tied to oil, the price of which had collapsed, with major new mines coming into operation.

The terms of trade had fallen by more than 10 percent over the previous 12 months. Mr. Keating's "banana republic" remark further undermined the value of the Australian dollar and triggered a political furor.

More importantly, however, it marked a turning point in the government's approach to economic policy formulation. When Bob Hawke's Labor government won office in 1983, it promised to deliver a rapid rate of economic growth without inflation because of its special relationship with the unions. This was codified in a formal accord that indexed wages to inflation.

The consequences of indexing wages and floating the exchange rate, in a nation dependent on commodity exports, were not understood. The policy did deliver higher growth than most countries and reduced unemployment.

## The fright the government had in 1986 seems to have had a salutary effect.

But as falling commodity prices drove the exchange rate down, the expansionary fiscal policy and indexed wages sent inflation up to 9 percent when it was going in the reverse direction throughout the world. The balance of payments crisis precipitated by these factors caused the value of the dollar to plummet but brought a new discipline to fiscal policy.

The 1986-1987 budget saw no real increase in government outlays and the deficit was cut to 1 percent of GDP, down from 2.4 percent the previous year.

The same tough fiscal approach was followed in 1987-1988, with Australia's first budget surplus for more than 30 years. Even these fiscal measures were subject to criticism in the light of the adverse movement in the terms of trade — a fall of about 15 percent in two years, compared with the long-term average of 1 percent.

Most of the burden of adjustment has been borne by the government's own traditional constituency.

Real wages have fallen by an average of 1 percent since 1983, with real income after taxes falling by an average of 1.3 percent. Despite this inhospitable economic environment, the government was re-elected for a third term last July.

The victory owed a great deal to divisions within the ranks of its opponents, and since that election, the fortunes of the Labor Party have been in severe decline.

In March, the 12-year-old Labor government was beaten in a landslide in New South Wales, the country's richest and most populous state. This has prompted recriminations within the government, along with calls for a reversal in economic policy.

It can be argued that the budgets that followed the "banana republic" crisis have placed the government in a favorable position to ease back on the fiscal front. Without policy changes, next year's budget would come in at quite a handsome surplus. More importantly, Australia's terms of trade have taken a turn for the better. In the last 12 months, they have moved upward by about 7 percent.

How permanent the improvement in commodity prices proves to be is the difficult question. The stock market crash in October aroused fears that the recovery in commodity prices would be aborted. However, as central banks around the world eased monetary policy after the crash, the prices being paid for many commodities actually accelerated.

Australia's oldest staple, wool, has more than doubled in price over the last year, and it is again the nation's top export earner. Wool has done so well basically because of the depreciation of the Australian dollar. Over the last four years, the Australian dollar has depreciated by 16 percent against the U.S. dollar, and more than 50 percent against the Japanese yen and the Deutsche mark.

At present prices, wool may be approaching a time when it will be replaced by other fibers. However, the popularity of wool in Japan is underpinning confidence in the short-term outlook.

The recent strength of other commodity prices, notably metal prices, is even less securely based than the wool price. Obviously, they are susceptible to any economic downturn in the United States, Japan or Europe. Despite exhortations by the government to

diversify the export base, Australia remains primarily an exporter of commodities. This is unlikely to change for a number of reasons.

The volatility of commodity prices is quickly reflected in exchange rate movements. At the same time, Australia's domestic market is too small to support manufacturing output at the optimum level.

Consequently, any major investment in mainstream manufacturing activity would have to look at export markets. That is where exchange rate stability is a necessity.

Australia has raised its volume of manufacturing exports as the low exchange rate has provided some opportunity for market penetration.

Over the longer haul, Australia's future as an exporter of manufactured goods will be confined to niche markets. Realizing this, private sector entrepreneurs have been exploring the service market.

There has been a veritable explosion of tourism, especially from Japan, of course, by the exchange rate.

For the time being, Australia has stopped moving down the road to being a banana republic.

Gross foreign debt, at 108 billion dollars, remains far too high. But the current account deficit is being reduced.

The government is currently negotiating a new wage pact with the trade unions, which would see real wages maintained through a combination of inflation-linked increases and income tax cuts.

There are risks in this approach, as the returns from higher commodity prices move into an economy showing signs of excessive consumer demand. The government is aware of the danger, especially if a burst of wage-driven inflation runs into a commodity price downturn. Recently, the government has been tightening short-term interest rates, even though this is putting upward pressure on the exchange rate.

The fright that the government experienced in 1986 appears to have had a salutary effect.

**How the Australian Economy Compares**

	1987	1986	1985	1984	1983	1982
Australia	-2.7	-0.6	43.7	4.9	8.2	8.3
France	0.2	2.1	35.1	1.5	10.5	3.1
Italy	-0.3	-2.1	43.2	2.2	14.3	5.2
Sweden	2.7	1.2	35.5	4.5	1.7	5.1
U.K.	1.0	10.0	32.0	4.5	9.8	4.5
Average for 9 economies excluding Australia	1.3	2.5	32.4	2.8	7.0	3.4

In the light of the political climate, the draconian rhetoric has been replaced with sunnier illusions. But the basic fiscal strategy remains intact. So far, it has been validated by events. But as a commodity exporter to a volatile world, Australia remains in an exposed position.

**MAXIMILIAN WALSH** is an Australian journalist and broadcaster.

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## New Faces Are Changing Nation's Face

Continued from page 7

have been to change the basis of political debate in Australia "from theory and ideology to competence."

Paul Keating, the federal treasurer, said that Australia is showing more maturity, with government, trade union and business leaders talking to each other and operating in concert in key areas. "That's where the changes are coming from," he said.

However, a vital question is whether the pace of reform is fast enough to enable Australia to keep up with a rapidly changing world or too fast for most Australians to accept.

Australia's rates of inflation and wage increases in recent years have been substantially above those of its main trading partners, while its currency has fallen less than currencies of many of its chief export competitors.

Hugh Morgan, chief executive of Western Mining Corp., said he believed that Australia was not moving with the "sense of urgency" that is required, particularly in reducing the power of big unions.

However, Bill Kelly, secretary of the Australian Council of Trade Unions, said that unions would strongly oppose ending Australia's centralized structure for fixing basic wages and working conditions. Union leadership, he

## Heavy dependence on commodities that are in oversupply on world markets is part of Australia's economic problem.

added, supports a more flexible wage-fixing system, taking into account productivity, skills and training as well as the rate of inflation.

Whether training and education can keep Australia in the technological revolution that is sweeping Asia and the West is a major concern.

Minister for Science Barry Jones questioned whether it is too late to "transform Australia from being the 'Lucky Country,' where our fortunes depend on chance factors and world commodity prices, into the 'Intelligent Country,' where intellectual capacity, research, design, entrepreneurship and imagination are valued as much as muscle power and other forms of sporting prowess."

In the 1950s, he said, Australia was "incomparably the best-educated nation" in the western Pacific. Japan was far behind.

"Now, 40 percent of Japanese labor force entrants have tertiary qualifications, six times higher than Australia, and Japanese process workers often have degrees," he said.

Senator John Button, minister for industry, technology and commerce, said Australians needed to get used to comparing their economic performance with that of other countries.

"Otherwise, we'll be left behind," he said. "We will become a poor, white country in the South Pacific."

Nevertheless, sharp swings against the Labor Party in recent elections indicate a growing resistance to reforms that involve a continued fall in living standards or an increase in taxes.

Manning Clark, emeritus professor of history at the Australian National University in Canberra, said that the "truth of the matter is, a society of immigrants and their descendants, a society in which the working classes have embraced the petty bourgeois values of house and land ownership, and in which there is a huge affluent middle class, is strongly bound

to the defense of the existing social order."

Following recent electoral setbacks, Mr. Hawke sought to assure voters that the worst of Australia's economic troubles were over, but analysts doubt the government will deviate from its central policy of restraining public spending and curbing the payments deficit.

Failure on either front would lead to a further collapse in the value of the Australian dollar, rising inflation and interest rates, and falling living standards. This, the analysts argue, would be a recipe for electoral disaster in the next federal elections due in mid-1990.

They note that the two main opposition parties are committed to policies in key areas that are more radical than those of the Labor Party. The conservative coalition says it would go much further than the Hawke government in reducing the size and role of government, deregulating the labor market and promoting private sector economic activity.

Partly because of a more selective approach to providing government services, and partly because of mass migration, Australia has become a more mobile, less secure society.

Shirley McPherson, chairman of the Aboriginal Development Commission, describes Australia as "hedonistic and above all else materialistic."

Mr. Fraser contends that over the past five years, marked disparities in wealth have appeared in Australia that did not exist before.

In addition, there has been some public opposition to the rapid increase in the number of Asian immigrants and Vietnamese refugees entering Australia.

Asians make up less than 2.7 percent of Australia's population. Even in suburbs where Asians are concentrated, they form no more than 6 percent of the local community.

There is some racism and bigotry in Australia, as there is in other countries," Mr. Fitzgerald said. "But it is contained, and that is a great cause for optimism for the future of Australia."

The fundamental challenge facing the country, in the view of many analysts, remains an economic one: how to work more efficiently, exploit the country's comparative advantage, diversify the

base of the economy and export exports so that foreign debt falls and living standards rise.

Australia's share of world exports has fallen in the last 30 years, while the shares of Japan and the newly industrializing nations in the Pacific basin have risen.

Heavy dependence on commodities that are in oversupply on world markets is part of the problem.

Mr. Morgan, of Western Mining Corp., pointed out that Australian minerals sold overseas such as zinc, alumina, nickel and copper, are counted officially as manufactured exports. If added to exports of primary products, about 90 percent of Australia's overseas sales measured by value are shown to be subject to commodity price fluctuations.

A recent study by the Federal Economic Planning Advisory Council noted that Australia could improve its economic position by processing more commodities before export. However, the study found that there were a series of impediments to profitable processing in Australia, including inefficient transport and especially coastal shipping.

Bill Hayden, minister for foreign affairs and trade, told the Business Council of Australia last month that the government would continue to encourage commodity exports, but that "overseas sales must be shifted 'toward the fast-growing areas of world trade such as manufactures and services.'"

There are some signs that this is starting to happen.

Peter Crawford, managing director of AWA Ltd., one of Australia's largest manufacturers of high technology products, said, "Many senior managers in Australia are thinking and talking more about selling their products in the international marketplace, and about acquiring overseas assets to hasten that process. The old corporate culture that focused primarily on our small domestic market is changing."

The proportion of Australia's export receipts from manufacturing and tourism increased from 20 percent in 1985 to 26 percent in 1987. Last year, exports of manufactured goods rose by about 23 percent while exports of services expanded by about 18 percent.

Despite the problems facing Australia, Mr. Hawke is optimistic about the future. Asked what he envisioned for Australia by the turn of the century if present economic, social and immigration policies continued, the prime minister replied: "We will be more competitive and more productive. We will pay our way in the world."

**MICHAEL RICHARDSON** is the International Herald Tribune editor for Asia.

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مركز الأبحاث

Status

Year	Wool	Wool
9	8.2	8.3
1	8.4	
5	10.5	3.1
7.2	9.0	
2.2	14.3	5.2
2.5	2.8	
4.5	1.7	5.1
2.5	0.7	
4.5	9.8	4.5
9.0	6.0	
2.8	7.0	3.4



Sheep farmers in Tasmania. This year Australia will again export more raw wool than any other product.

## Success Can Be Double-Edged

By Rod Metcalfe

**S**YDNEY — The luck of the so-called "lucky country" has been its vast primary wealth, both agricultural and mineral.

However, the 1980s have seen the luck run out. Drought and depressed commodity prices for both farm and mining produce due to world recession have caused a sharp drop in Australia's terms of trade. The value of the dollar has slumped and the economy has had to undergo massive restructuring.

That luck still seems to be running low despite a recent recovery in commodity prices. The danger is that the return to health by the primary sector will soften the need for further restructuring and leave Australia with similar problems as before.

Senator John Button, the minister for industry, technology and commerce, said recently that the primary sector of the Australian economy has in the past performed too well.

The wealth of minerals and primary products has lifted the economy to a level many now judge unsustainable, being too dependent on those primary products. The manufacturing and service sectors have lagged.

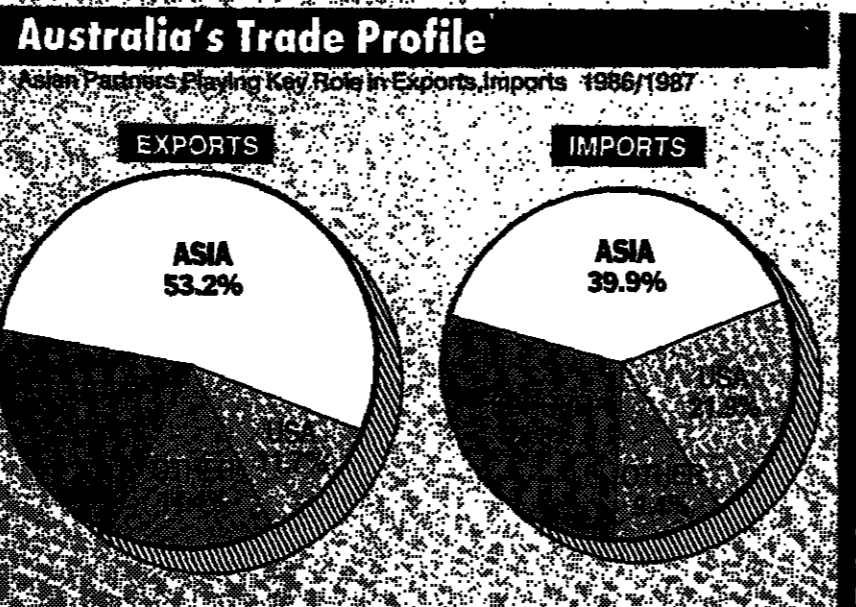
Agricultural exports, principally wheat, wool and meat, still account for more than 40 percent of the nation's export income. Some would say it is fitting that this year, when the country is celebrating its 200th birthday, Australia should once again export more raw wool than any other product.

More than 5.5 billion Australian dollars (\$4.13 billion) of unprocessed wool will have been shipped around the world during the year leading in June, far outstripping coal, iron ore and wheat.

After suffering a beating for the past five years since the drought in 1981 and 1982, the agricultural economy is now undergoing boom times. This year, the gross value of rural production is growing at 13 percent, with a further growth rate of 10 percent forecast for 1988-89.

The total value of farm production in that year will top 20 billion Australian dollars for the first time — more than double the production in the early 1980s. More than 70 percent of that total will be exported with wool and meat, principally beef, setting the pace.

But wool, because it is a high-cost and high-fashion consumer item, is subject to both consumer whims and the consumer's spending



power, and beef depends on only two major markets — the United States and Japan.

Wheat, once the nation's principal farm export, remains at the mercy of subsidized competition in terms of price and a lack of confidence in terms of production. Australian farmers have a reluctance to grow wheat at the moment because of low world prices and because of high returns from livestock.

Drought in 1981 cut the Australian wheat crop to less than 8 million tons, and low world prices in 1987 have held it below 12 million, although in good years production can top more than 22 million tons.

In the mineral and mining sectors, the long-awaited recovery still depends on the Japanese economy to absorb the blows of a high yen and again consume large amounts of Australian coal and iron ore at profitable prices.

Gold, another major mineral export in recent years, has been boosted by the low value of the dollar, which has made local production highly profitable at current world prices. But gold, like most other primary products, will be hit hard if the Australian dollar begins to gain ground in the long term.

The tough times of the Australian economy, the low value of the dollar and the financial problems in the primary sector have had benefits, however.

Horticultural exports to Europe, Asia and the United States are booming. Australian wine sales have tripled in volume in the past five years and increased in value by a factor of four. Cherries, avocados, carrots, leeks, macadamia nuts and many other traditional small products, including flowers and seafoods, are now being exported around the world.

But not without problems. The growth of Australian wine exports and the acceptance of the product in many European markets has triggered a fight with French producers over labeling. Japan imposes strong quarantine measures against Australian cherries, which producers consider to be a nontariff barrier.

Protectionism has therefore developed as the major problem for Australian agriculture.

Farmers and miners are now calling for a reduction of protection and are urging support for the government in fighting protection in market countries.

ROD METCALFE is a journalist who writes on agriculture and farming.

## Political Turmoil in South Pacific Poses a Challenge to Canberra

By Denis Warner

**M**ELBOURNE — The two military coups that felled the elected government in Fiji, New Zealand's defection from the ANZUS treaty, the Soviet Union's determination to play a much greater role in the South Pacific and what are perceived to be protectionist trends in the United States and Japan have posed serious problems for Australia and the conduct of its foreign policy.

Although the major political parties have never succeeded in reaching a consensus, there is little disagreement about the broad parameters of that policy.

Despite pressure from the left and the anti-nuclear lobby, Australia will remain aligned with the United States. The problem is how to cope with a regional scene that has been changing with startling abruptness.

Fiji is a case in point. Some members of the Australian Labor Party had close links with Prime Minister Timoci Bavadra's government in Suva, which was overthrown last year. This led to what is now seen as an over-reaction to the two coups there.

The initial, thinly veiled threat of intervention, even to evacuate Australian residents in Fiji, and Canberra's denunciation of the Fijian military won little support among other micro-states in the South Pacific. Ethnic sympathies were heavily on the side of the indigenous Fijians and not with the expatriate Indians, who were disenfranchised as a result of the coup.

At a time, therefore, when Australian influence to counter Soviet intrusion needs to be stronger in its immediate region, its counsel is no longer listened to in the South Pacific so attentively as it was in the past.

There have been other misuses along with the gains in the conduct of foreign policy.

Postcolonial relations with Papua New Guinea, for years uniquely cordial, were soured when Canberra, without consultation, pared down an agreed economic aid package and subsequently initiated new aid programs for the so-called front-line anti-apartheid states in Africa. These governments are remote from Australia's area of interest and not notably more democratic than Fiji, which was punished by a cut in aid for its misconduct.

Relations with New Zealand, on the other hand, have been handled much more diplomatically and effectively. New Zealand's ban on visits by U.S. nuclear-powered or nuclear-armed vessels precipitated the collapse of the tripartite ANZUS treaty with Australia, New Zealand and the United States.

While the United States and Australia have remained in close association, it was left to Australia to maintain the relationship with New Zealand. While making no secret of its disapproval of Wellington's action, the government of Prime Minister Bob Hawke saw no advantage in punishing the New Zealand government. The Australians have increased their exercises with New Zealand, and economic relations have become closer than ever.

At the same time, Canberra's relations with its Southeast Asian neighbors have tended to drift and, in the case of Indonesia, perhaps dangerously.

At the end of the Vietnam War, the Labor government of Gough Whitlam sought to establish closer ties with Hanoi. These tended to weaken during the years of the Liberal-National Party coalition in the late 1970s and early 1980s, but were strengthened again when the Hawke government took office with Bill Hayden as foreign minister.

In the face of ASEAN concern, Australian aid to the Indochina states increased, and Mr. Hayden himself attempted, unsuccessfully, to play a role in resolving the conflict of interest between Vietnam and the ASEAN states (Thailand, Malaysia, Singapore, the Philip-

and look to their cousins across the border in Papua New Guinea for support.

Both Indonesia and Malaysia, which suffered in the past from Communist insurgent groups that enjoyed tacit Chinese support, remain unconvinced that China may not one day pose a threat to Southeast Asia. These fears have been revived by China's increasing amphibious capabilities and the clash between Chinese and Vietnamese naval forces in the South China Sea, China, Vietnam, Taiwan, the Philippines, Indonesia and Malaysia all lay claim to the disputed areas that hold the promise of commercially viable oil fields.

The establishment of close and friendly relations with Beijing has been one of Canberra's foreign policy successes, but just as Australia

The problem is how to cope with a regional scene that has been changing with startling abruptness.

Relations between Australia and Indonesia also deteriorated sharply following the Indonesian annexation of Portuguese Timor in the mid-1970s and have not fully recovered. Indonesian bias on Australian journalists, Radio Australia's news broadcasts beamed to Indonesia, the repeated intrusion of Indonesian fishermen into Australian territorial waters and differences over the demarcation line on the continental shelf with its potentially oil rich sea bed, and more recent Indonesian efforts to play a more active South Pacific role, have all served to affect the relationship.

Some Australians see Indonesia as a threat, and the Hawke government's decision to strengthen the defenses in northern and north-western Australia is, in turn, seen in Jakarta, as part of this perception.

If the notion that Indonesia might engage in low-level conflict on Australian territory is scarcely credible, disputed offshore oil drilling at some future time, or armed conflict on the Indonesia-Papua New Guinea border as the result of the activities of the Irian Jaya insurgents opposing Indonesia's rule, could aggravate the situation.

Australia has a strong moral commitment to Papua New Guinea, whose worries about its Indonesian neighbor have not been wholly removed by the conclusion of a treaty of friendship.

To relieve the pressure of overpopulation on the islands of Java and Madura, Indonesia is committed to a policy of transmigration that has among its goals the shifting of millions of people to sparsely populated Irian Jaya, formerly West New Guinea, whose Melanesian inhabitants do not take kindly to the intrusion

worried about a Jakarta-Beijing axis in former President Sukarno's era of living dangerously, Indonesia and Malaysia will be concerned if the relationship deepens.

The possibility of Japan's significant rearmament is also a matter of ASEAN concern. John Howard, the Liberal Party leader, spoke incautiously in Tokyo recently and with scant regard for Southeast Asian sensitivities, when he suggested that Japan should take on a more active regional military role.

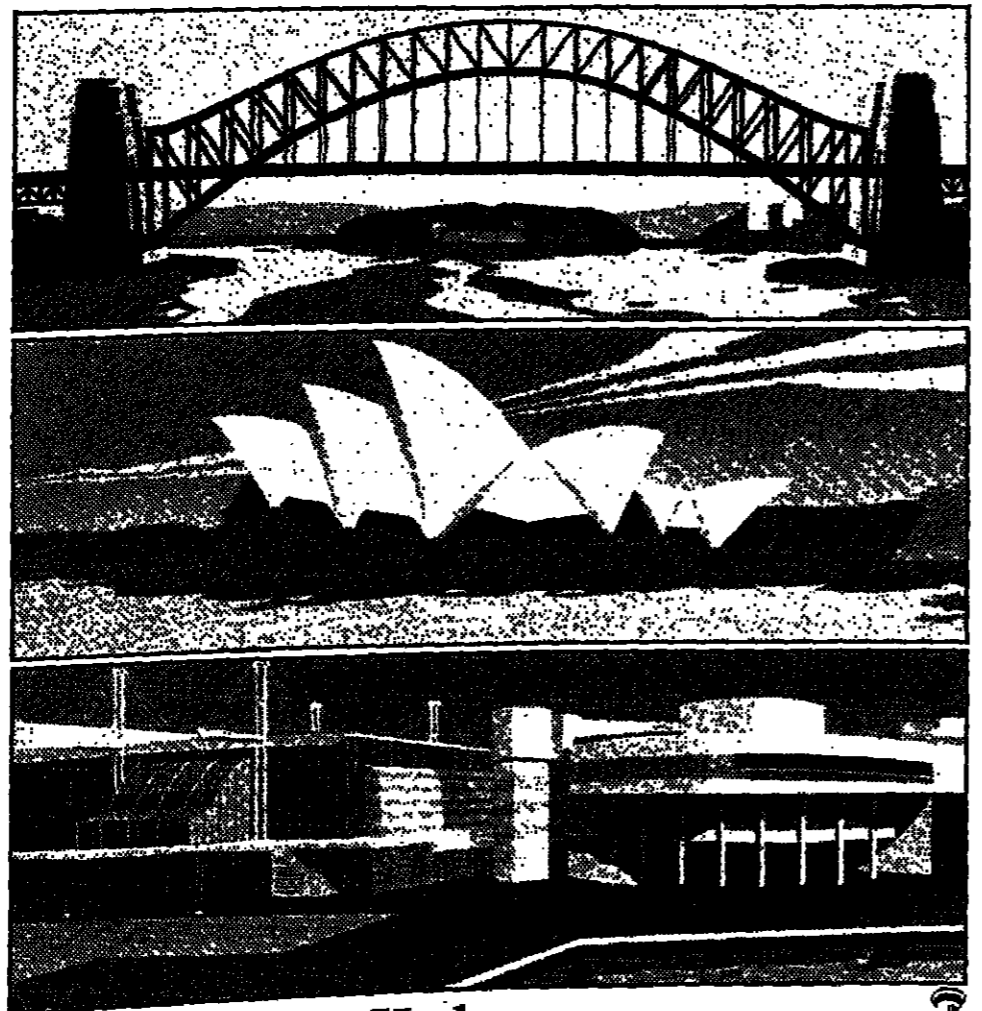
Balancing the often conflicting interests and concerns of Australia's neighbors while pursuing policies that are in the common weal calls for a diplomatic tightrope act of some dexterity.

While the merger of the elitist Department of Foreign Affairs with the more down-to-earth functions of the Department of Trade reflects an awareness of the need to expand Australia's markets, it has also disenfranchised the diplomatic corps, which does not necessarily regard the cash register as the only appropriate measure of the national interest.

The immediate challenge comes from the South Pacific where the Soviet Union is actively pursuing the policy laid down by Mikhail S. Gorbachev in his Vladivostok address in July 1986, and Libyan mischief-makers are at work. If there is still some healthy skepticism about Soviet motives and intentions among the mini-states, the offers of fisheries deals, economic aid, student training in Moscow and sporting and cultural exchanges are hard to resist. The challenge already exists: Australia's foreign policy response is not yet adequate.

DENIS WARNER is the editor of Pacific Defence Reporter, a monthly magazine on regional security issues.

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NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Close, Prev.

NASDAQ Index table with columns: Composite, Finance, etc.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials

NYSE Diary table with columns: Close, Prev.

Odd-Lot Trading In N.Y. table with columns: Buy, Sell, % of 100

Dow Jones Averages table with columns: Industrials, Transport, etc.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Slow Trading - Table A: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table B: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table C: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table D: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table E: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table F: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table G: 12 Month High/Low Stock, Div. Yld. PE, etc.

NYSE Mixed in Slow Trading - Table H: 12 Month High/Low Stock, Div. Yld. PE, etc.

مكتبة الأصيل

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ECONOMIC SCENE

U.S. Economy Expanding Faster Than Anticipated

By LEONARD SILK

NEW YORK — The U.S. economy is growing faster than most economists anticipated after the stock market crash of Oct. 19 and the rising inventories of the fourth quarter. Adjusted for inflation, gross national product — the total output of goods and services — grew at an annual rate of 2.3 percent in the January-March quarter.

But, corrected for changes in inventories and government purchases of farm products, inflation-adjusted final sales climbed at the strong rate of 4.3 percent in the first quarter, after declining by 0.1 percent in the final quarter of 1987.

But was that rate of growth too strong for the economy's stability? One worry is that, with chemicals, paper and some manufacturing industries close to their capacity limits, continuing rapid growth in demand will generate inflation.

While the growth may not fuel inflation, it keeps pressure on the trade balance and the dollar.

The new government data give little support to the fear that inflation is breaking loose. The fixed-weight price index used to correct GNP for inflation rose at a 3.7 percent annual rate, just 0.1 percent higher than in the preceding quarter.

And the Labor Department reported that employment costs rose 1.5 percent in the first quarter, up from 0.7 percent in the fourth quarter but not enough to put significant pressure on employers to raise prices.

However, there is cause for worry about the trade deficit and the dollar. The rate of economic growth so far this year has been strong enough to keep the trade balance from showing much improvement. And that raises anxieties about the dollar and the upward pressure on interest rates.

Whether the Federal Reserve pushes up interest rates or not, they seem likely to rise. That likelihood continues to dog the financial markets. Some American economists, including Martin Feldstein of Harvard, who has become an adviser to Vice President George Bush in his election campaign, favor letting the dollar drop its market level, even if that requires a considerable further drop to get rid of the trade deficit.

BUT OTHERS, along with Treasury Secretary James A. Baker 3d and the Federal Reserve's chairman, Alan Greenspan, fear that a further fall in the dollar would worsen inflationary expectations, raise interest rates and send the bond and stock markets into another tailspin.

To sustain the dollar, the United States has grown heavily dependent on capital inflows from abroad. The Federal Reserve's flow-of-funds data show that during 1987 there was a record \$184.3 billion increase in foreign holdings of United States financial assets.

More importantly, as James J. O'Leary, economic consultant to United States Trust Co. notes, there was a pronounced change in the pattern of foreign investment in this country last year. This consisted of a sharp drop in the volume of private foreign funds invested in fixed-income U.S. government and corporate obligations and a strong increase in the net purchases of corporate equities and in direct ownership of real property here. That shift threatens to drive up long-term interest rates.

A growing number of American economists now believe that a "smoothing through" scenario is the best bet, with the U.S. budget and trade deficits gradually coming down and foreign private investment and foreign central banks continuing to sustain American growth. But almost no one regards that as a trouble-free or risk-free scenario, having witnessed the panic of October 1987.

The financial markets seem bound to remain anxious until measures are taken to restore equilibrium to the U.S. budget and trade positions and stability to the dollar. Such action will have to wait at least until after the November election.

Holmes à Court Bows Out

Battered Raider Sells Cornerstone

Compiled by Our Staff From Dispatches

PERTH, Australia — Robert Holmes à Court, once Australia's most feared corporate raider, has sold control of his flagship company in a move that appears to signal his virtual departure from the financial scene, the company's buyers and analysts said Friday.

Mr. Holmes à Court, who over the past decade had bought stakes in companies ranging from Texaco Inc. to Standard Chartered PLC to the Australian giant Broken Hill Pty., could not recover from last October's financial debacle that left him with diminished assets and considerable debt.

On Friday, Bond Corp. Holdings Ltd., headed by the entrepreneur Alan Bond, and the Western Australian State Government Insurance Commission said they had bought 39.8 percent of Mr. Holmes à Court's Bell Group Ltd., taking 19.9 percent each. The total purchase price was about 320 million Australian dollars (\$242 million).

Mr. Holmes à Court, who had controlled the resources, media and investment group with a 43 percent stake, will retain 3.2 percent through his family company Hestonbury Securities Pty.

The executive director of Bond Corp., Peter Mitchell, said Mr. Holmes à Court "has taken what was undoubtedly for him a difficult decision to sell the majority of his interests in Bell Group, which he developed."

Mr. Mitchell said the investor would stay on as chairman and chief executive of Bell. But most analysts said that would be only an interim measure until the company's future was decided.

The South African-born Mr. Holmes à Court was, along with Mr. Bond and the media magnate Kerry Packer, one of the dominant figures on the Australian financial scene. He was best known for his four bids at Broken Hill, during which he accumulated 30 percent of the company, Australia's largest.

Before the stock market collapse, the 50-year-old investor had been named Australia's richest man. An Australian magazine estimated his net worth at 1.6 billion dollars.

Since then, he had sold about 4 billion dollars worth of assets to lighten the load on Bell Group and its 46 percent owned associate, Bell Resources Ltd.

In January, he gave up on his long struggle for control of Broken Hill and sold two-thirds of his stake back to that company for 2.1 billion dollars.

Mr. Holmes à Court then came up with an elaborate plan to merge Bell Resources and Bell Group and reconstruct his corporate base, but

See HOLMES, Page 15

Tall Stories About a New Building

Hong Kong's Skyscraper Bank Is a Magnet for Rumors

Reuters

HONG KONG — Remarkable even for gossip-prone Hong Kong, the stories being told about the Bank of China's new building have grown as tall as the structure itself.

In the space of a few days earlier this month, four specific rumors about the branchchild of the Chinese-American architect, I.M. Pei, surfaced and were passed on among business colleagues and retold at cocktail parties.

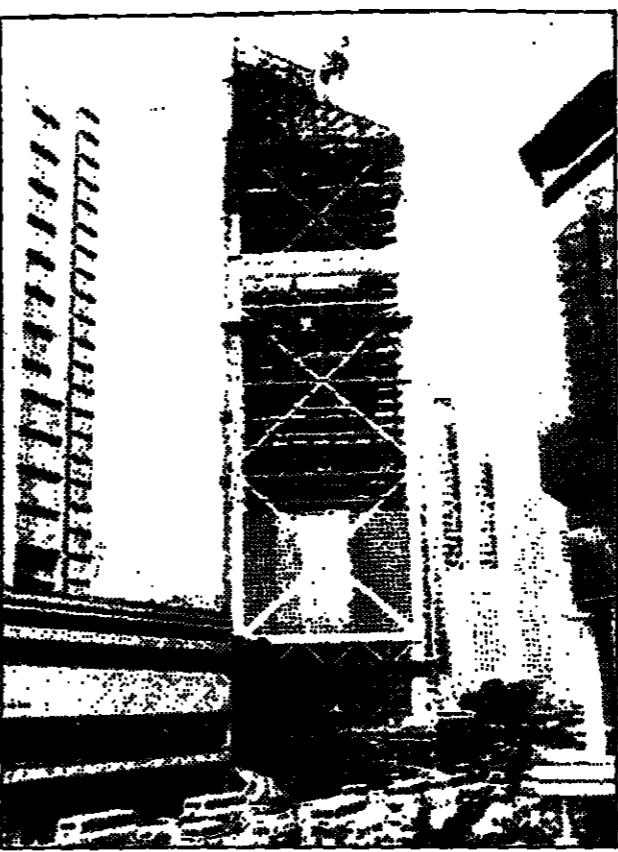
If the gossip was to be believed, Beijing's pride and joy, which will be one of the world's tallest buildings, was (1) Going to fall down because the foundations were unsound or (2) In serious trouble because of problems with cross-braces or (3) Going to lose several floors off its projected 70-story height or (4) In dire trouble because the expected date for opening the lower floors — Aug. 8 — is evidently going to be missed. Eight is considered a lucky number because in the Cantonese spoken in Hong Kong it sounds like the word for prosperity.

Engineers working on the 1.1 billion Hong Kong dollar (\$141 million) building steadily dismiss the rumors. Still, David Sui, project manager for the building, Kungai Gumi (Hong Kong), a subsidiary of the big Japanese company, admits there were initial problems with the foundations.

The discovery of unsettled soil on the 6,700-square-meter (8,000-square-yard) site on the edge of Hong Kong's central business district meant more digging to add an extra six meters (19 feet) depth to the foundations.

Mr. Sui said he expected construction to be completed by mid-April 1989, five months later than the initial target date.

The building for the Bank of China, the foreign operations arm of China's central bank, is a soaring reminder of the changes to come when Beijing resumes



The new Bank of China building has a growing reputation.

sovereignty over the British colony in 1997.

For years the joke was that Hong Kong was run by the Hongkong & Shanghai Bank, the Royal Hong Kong Jockey Club, and the government, in that order.

Although Hongkong & Shanghai Banking Corp., known simply as The Bank, may still have the edge when it comes to flexing financial muscle, it too is living in the shadow of the Bank of China — literally.

The Hongkong Bank's own new futuristic headquarters, a grey-painted 52-level structure

with the plumbing on the outside, is only a few dozen yards away but is already starting to look dwarfed in comparison.

The Bank of China building's rusty latticework of steel girders, partially covered in glass and concrete, has already become Hong Kong's tallest structure.

The work goes on day and night. Residents have become used to the ghostly glow of welding torches filtering through the evening fog.

Mr. Sui said that because of a shortage of building workers, higher wages had to be paid to the work force of nearly 800 to keep the construction going.

Pound Rises As U.K. Trade Gap Narrows

Compiled by Our Staff From Dispatches

LONDON — Britain announced Friday that its merchandise trade deficit shrank in March by more than a third from a month earlier. The news sent the pound higher on currency markets.

Britain's merchandise trade deficit, which tallies imports and exports of goods, narrowed to £254 million (\$1.6 billion) in March after a gap of £1.32 billion in February. The March deficit was much wider, however, than the trade deficit in March 1987, which stood at £374 million.

Private economists had predicted a merchandise trade deficit of £1.1 billion for March 1988.

The current account deficit, which besides merchandise includes services and transfer payments, shrank to £254 million in March from £720 million in February. In March last year Britain posted a current account surplus of £296 million.

The trade surplus for nonmerchandise items in March was unchanged from February at £600 million.

The overall improvement in the trade picture drove the pound up against other major currencies. Sterling climbed against the dollar by more than a cent to a high of \$1.8870 before easing to \$1.8793 at the close in London. Against the Deutsche mark, the pound rose by two pfennigs to 3.1530 DM but later retreated to 3.1472 DM.

The stock market's response was restrained. The FTSE 100-share index dipped slightly to close at 1,802.20, from 1,804.40 on Thursday.

Share dealers said the market reaction showed a belief that the March figure represented an ironing out of distortions caused by a change in customs regulations that had widened the deficit in previous months.

But one dealer expressed relief, saying, "Now we can stop having nightmares about an £8 billion or £9 billion total deficit for 1988."

A large deficit worries investors who fear that heavy spending on imports will set off a new round of inflation.

Dealers in currencies and stocks were shocked earlier this year when Britain reported a record £844 million current account deficit for January.

The current account deficit was £1.68 billion for 1987, and the British government has forecast a 1988 deficit of £4 billion.

But after the latest figures were released, Britain's Treasury urged caution in assessing the results. One senior official said, "We need more data before we know with certainty what is going on regarding trade."

He admitted that trade figures released so far this year may indicate a slowdown in the British economy's rate of growth.

The Department of Trade and Industry said the value of imported goods in March month fell to £7.3 billion from £7.5 billion in February while exports rose to £6.4 billion from £6.2 billion.

But a Treasury official said the fall in imports last month relative to those in February may prove erratically steep.

The Treasury expects a slowdown in the growth of imports this year compared with that in 1987.

But worries remain that the recent strength of the pound will slow growth of British exports, pricing them off foreign markets.

Chancellor of the Exchequer Nigel Lawson has been concerned by the pound's strength, which has been helped by relatively high domestic interest rates. Mr. Lawson said this week that he did not want to see a further rise in the value of the pound. (Reuters, AP)

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates for various currencies like Euro, Swiss Franc, etc.

Other Dollar Values

Table with columns for Currency, Bid, Ask, and other values for currencies like Australian Dollar, Canadian Dollar, etc.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, and other forward rates.

Interest Rates

Eurocurrency Deposits

Table with columns for Deposit type, Rate, and other details for Eurocurrency deposits.

Key Money Rates

Table with columns for Money type, Rate, and other details for key money rates.

Asian Dollar Deposits

Table with columns for Deposit type, Rate, and other details for Asian dollar deposits.

U.S. Money Market Funds

Table with columns for Fund name, Assets, and other details for U.S. money market funds.

Gold

Table with columns for Location, Price, and other details for gold prices.

OPEC Bogs Down in Rift Over Proposed Cuts in Exports

Compiled by Our Staff From Dispatches

VIENNA — OPEC leaders struggled Friday to overcome deep divisions over proposed cuts in oil exports intended to bolster world prices.

Saudi Arabia and Kuwait emerged as the chief opponents of the plan, resurrecting an historical standoff within OPEC between an alliance of conservative Gulf Arab states and a faction led by Iran.

The 13 oil ministers of the Organization of Petroleum Exporting Countries were meeting Friday night to debate the proposal, which calls for oil export cuts by OPEC in conjunction with a group of independent oil producers.

The aim is to raise prices to OPEC's target

of \$18 a barrel, from the current range of \$14 to \$16, by tightening supplies.

Nervous traders sent oil prices lower on European markets, where Brent crude oil from the North Sea tumbled 66 cents, to \$16.54 a 42-gallon barrel, after having lost 30 cents on Thursday.

Later, prices continued slumping at the New York Mercantile Exchange, dropping as much as 43 cents per barrel, before rallying toward the close and ending largely unchanged, analysts said. June contracts for West Texas Intermediate, the benchmark U.S. crude, settled at \$17.95 per barrel, down 3 cents from Thursday.

The non-OPEC group, comprised of Mexico, China, Malaysia, Angola, Egypt and Oman, on Tuesday offered to reduce their oil

exports by 5 percent if OPEC did likewise. The cuts would be for May and June only.

OPEC leaders initially welcomed the offer, which marked the first such proposal from a group of outside oil producers since OPEC was founded in 1960. Some called it a historic first step toward creating a global oil alliance.

When the cartel leaders sat down to discuss the proposal, however, sharp differences emerged, officials said after an initial session that ended early Friday.

Fernando Santos Alvarez, oil minister of Ecuador, told reporters "a wide divergence" of views meant the most likely outcome would be a postponement of any decision on export cuts until OPEC's regular June meeting.

Most other delegations said it was too early to say whether an agreement could be achieved this week.

The early discussions focused on whether supplies were far enough out of balance with demand to require a cut, Mr. Santos said.

In an attempt to resolve this question, a team of technical experts from the 13 countries met Friday afternoon to try to resolve the issue before the Friday night ministerial session.

The experts group failed to reach a unified view, although a majority took the position that some form of additional production restraint was needed in order to get prices higher, according to sources speaking privately. (AP, Reuters)

Life Without Cassoni: AT&T Faces Adjustment

Reuters

NEW YORK — Vittorio Cassoni's abrupt resignation this week as chief of American Telephone & Telegraph Co.'s computer group has cast uncertainty over the unit just when it was beginning to win the respect of customers and competitors, analysts say.

They said Mr. Cassoni's decision to return to Olivetti SpA of Italy after just 18 months with AT&T raised serious questions about the company's relationship with its Italian partner, in which AT&T holds a 22 percent stake.

His departure also presents AT&T's top management, already shaken by the unexpected death this month of the chairman, James E. Olson, with the task of proving it can execute the strategy laid out by Mr. Cassoni.

That challenge falls in the lap of Robert M. Kavner, previously the company's chief financial officer, who is Mr. Cassoni's successor.

Although he is a highly respected executive, Mr. Kavner's lack of technical expertise has some analysts wondering whether he has the vision to turn AT&T into a top-flight computer company.

"Cassoni was a real visionary," said Tim Bajarin of Market Researcher's Creative Strategies International. "He will be sorely missed."

Despite these problems, however, Mr. Bajarin and others say they think AT&T's turnaround in the computer business will not be derailed by the loss of Mr. Cassoni.

"It's unfortunate, but not catastrophic," said Jack Grubman, a PaineWebber analyst. Mr. Cassoni, 45, took the helm of AT&T's computer group in 1986, on loan from Olivetti, which had teamed up with the New York-based telecommunications giant three years earlier. He inherited an organization in disarray.

In its rush to break into the computer business, from which it had been barred until

its 1984 breakup, AT&T failed to assemble the products and marketing muscle it needed to compete with International Business Machines Corp. and others.

More important, it lacked a coherent strategy. By the time Mr. Cassoni arrived, losses were approaching \$1 billion a year.

Mr. Cassoni moved quickly. He slashed costs and went on the road preaching a new approach based on AT&T's traditional strength in communications and its major contribution to computers to date, the Unix operating system.

He also formed key alliances, especially with Sun Microsystems Inc., to bolster AT&T where it lacked natural talent. And he gave people at AT&T — from top management to the research and sales teams — and customers a sense of where the computer group was headed.

"He was somebody that they could believe in," he was somebody that they could believe in. See CASSONI, Page 15



Carlo de Benedetti, Olivetti SpA's chairman, is said to have recalled Mr. Cassoni in retaliation for AT&T's refusal to increase its stake in Olivetti.

Crises

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### Friday's NYSE Closing

Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yield	PE	100% High	Low	Close	Chg.
12 1/2	11 1/2	3M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	4M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	5M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	6M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	7M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	8M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	9M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	10M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	12M	0.00	0.00	10.00	12 1/2	11 1/2	11 3/4	+1/8

### NYSE Highs-Lows

Stock	High	Low	Chg.
3M	11 3/4	11 1/2	+1/8
4M	11 3/4	11 1/2	+1/8
5M	11 3/4	11 1/2	+1/8
6M	11 3/4	11 1/2	+1/8
7M	11 3/4	11 1/2	+1/8
8M	11 3/4	11 1/2	+1/8
9M	11 3/4	11 1/2	+1/8
10M	11 3/4	11 1/2	+1/8
11M	11 3/4	11 1/2	+1/8
12M	11 3/4	11 1/2	+1/8

### U.S. Futures

Via The Associated Press

Season High	Season Low	Open	High	Low	Close	Chg.
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8

### Food

Season High	Season Low	Open	High	Low	Close	Chg.
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8

### Metals

Season High	Season Low	Open	High	Low	Close	Chg.
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	11 3/4	11 1/2	11 3/4	+1/8

### Stock Indexes

Index	Value	Chg.
Dow Jones	2,850	+15
S&P 500	240	+2
NASDAQ	1,200	+10
NYSE	1,500	+8
AMEX	800	+5

### Commodity Indexes

Commodity	Value	Chg.
Oil	25.00	+0.20
Gold	350.00	+2.00
Silver	15.00	+0.10
Copper	1.50	+0.02
Aluminum	0.80	+0.01

### Seoul's Trade Surplus At Record \$1.19 Billion

SEOUL — South Korea's current account surplus, boosted by strong exports, grew to a record \$1.19 billion in March, according to provisional figures released Friday by the Bank of Korea.

The latest figure shows a substantial increase from a surplus of \$970 million in February and \$884 million in March 1987. The current account measures trade in goods and services as well as interest, dividends and certain transfers.

The previous monthly record was \$1.12 billion in September.

The current account surplus in the first three months rose to \$2.95 billion from \$2.12 billion from the first quarter of 1987, the central bank reported.

But bank officials predicted that the surplus would decline in coming months because of further import liberalizations by the government. South Korea has been under pressure from Western industrial nations, particularly the United States, to reduce its trade surplus.

The surplus in merchandise trade rose to \$863 million in March from \$632 million a year earlier. Exports increased 32.9 percent in March to \$4.77 billion and imports rose 32.1 percent to \$3.91 billion.

The first-quarter merchandise trade surplus rose to \$2.32 billion from \$1.52 billion. For the January-March period, exports rose 37.7 percent to \$12.9 billion and imports rose 35.5 percent to \$10.58 billion.

### Brazil Moves to Limit Foreign Mining Firms

RIO DE JANEIRO — In a surprise move, a special assembly drafting Brazil's new constitution will be allowed to operate here only as junior partners with ventures controlled by Brazilians.

The decision, announced Thursday, is expected to discourage new foreign investment in an area that is rich in resources but short of capital.

Companies operating through wholly owned mining subsidiaries here would have five years in which to sell a majority of their voting stock to Brazilians. They include British Petroleum, Shell, Alcoa, and Alcan Aluminum Ltd. Companies that are already minority partners here reportedly would not be affected.

According to unofficial estimates, foreign mining companies have spent about \$2 billion in Brazil, principally in gold, tin and bauxite. They represent only about 20 percent of total investment in the sector, one expert said.

The largest mining company in Brazil, Companhia Vale do Rio Doce, is government-owned.

### Losses Grow at Pan Am And NWA, as Delta and Allegis Report Profits

NEW YORK — Pan Am Corp. reported on Friday a net loss for the first quarter of \$83.6 million, a slight improvement from a \$93.6 million loss in the year-earlier period.

Pan Am's main subsidiary, Pan American World Airways, had an operating loss of \$62 million in the quarter after a \$51 million loss a year ago, Pan Am said. Higher expenses were blamed for the increased loss.

The parent company had a narrower first-quarter net loss because of improved performance at two other subsidiaries and a small foreign exchange gain in the quarter compared with a loss of \$15.8 million a year ago.

The two units that performed better, the Northeast Shuttle and Pan Am World Services, are much smaller than the company's main airline. The shuttle, which Pan Am started in September 1986, competes with the Eastern Airlines shuttle, operating hourly flights connecting New York, Washington and Boston.

Pan Am said overall revenue rose 18 percent to \$908.8 million in the quarter from \$763.1 million but operating expenses rose 17.1 percent to \$958.8 million from the \$818.8 million.

Separately, NWA Inc., the holding company for Northwest Airlines, said its first quarter loss of \$42.5 million widened from the year-earlier loss of \$35 million because of higher costs for fuel, payroll, travel agent commissions and maintenance.

In other airline earnings reports, Delta Air Lines Inc. and Allegis Corp., the parent of United Airlines, reported sharply higher first-quarter earnings.

Delta posted record first-quarter earnings of \$36.1 million, or \$1.15 a share, against \$26.4 million, or 84 cents a share, in the 1987 period. Revenue rose 17.2 percent, to \$1.7 billion.

Allegis reported earnings on continuing operations in the first three months of \$27.9 million, or 58 cents a share, in contrast to a loss of \$54.5 million in the 1987 period. Continuing operations in both quarters largely involved United Airlines.

Both airlines benefited from higher fares and traffic in the period, analysts said. Delta's profit was enhanced by the acquisition of Western Airlines.

### Paris Commodities

High	Low	Close	Chg.
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8

### London Commodities

High	Low	Close	Chg.
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8
12 1/2	11 1/2	11 3/4	+1/8

### Harcourt Brace Records Loss

NEW YORK — Burdened by the heavy debt it assumed two years ago when it initiated a recapitalization plan to fight off a takeover attempt, Harcourt Brace Jovanovich Inc. has reported a first quarter, nearly four times its loss of \$9.4 million a year earlier.

Revenue for the quarter rose 7.4 percent, to \$366.7 million, from \$328.7 million a year earlier. Harcourt said Thursday. The company said income for the 12 months ended March 31 was \$64.3 million, or 40 cents a share, down from \$68.5 million, or \$1.80 a share, a year earlier. Revenue for the year rose 28 percent, to \$1.34 billion, from \$1.05 billion a year earlier.

Ivan Oblesky, a senior vice president at Josephthal & Co., said, "It appears the company is getting eaten up by its debt burden. It would signal probably further liquidation. The figures show there is no resolution yet. There is no room for error."

### Dividends

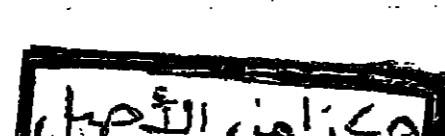
Company	Per	Ann	Pay	Rec
3M	0.50	12/15	12/15	12/15
4M	0.50	12/15	12/15	12/15
5M	0.50	12/15	12/15	12/15
6M	0.50	12/15	12/15	12/15
7M	0.50	12/15	12/15	12/15

### Spot Commodities

Commodity	Value	Chg.
Oil	25.00	+0.20
Gold	350.00	+2.00
Silver	15.00	+0.10
Copper	1.50	+0.02
Aluminum	0.80	+0.01

### DM Futures Options

Contract	Value	Chg.
Oil	25.00	+0.20
Gold	350.00	+2.00
Silver	15.00	+0.10
Copper	1.50	+0.02
Aluminum	0.80	+0.01



أخبار من الأوطان

BUSINESS ROUNDUP

Suchard Boosts Stake in Rowntree

Compiled by Our Staff From Dispatches LONDON — Jacobs Suchard AG, the Swiss chocolate and coffee company, said Friday that it had boosted its stake in the British candy maker Rowntree PLC to 20.79 percent.

Rowntree, which has said it wants to remain independent, is the target of a \$2.1 billion pound (\$3.95 billion) offer from Nestlé SA, the giant Swiss foods company, which also has interests in coffee and chocolate.

Suchard said it bought 4.5 million Rowntree shares on Thursday, raising its total holding to 44.75 million shares. Suchard said it paid between 910 pence and 925 pence a share in its latest purchases.

Lower Taxes, Debt Charges Help Philips Raise Net 6%

AMSTERDAM — The Dutch electronics group NV Philips said Friday that its net profit for the first quarter had risen to 217 million guilders (\$116 million), 6 percent higher than in the first three months of last year.

But operating profit was hurt by restructuring costs and lower profitability in sales of professional electronics systems, falling 18 percent to 679 million guilders.

Results were helped by lower financing charges, lower taxes and higher nonconsolidated profit. Most of this profit came from Philips's stakes in Grundig AG and Matsushita Electronics Corp.

Corning Glass Will Purchase Revere Ware

CORNING, New York — Corning Glass Works, the leading U.S. maker of cookware, said Friday that it had signed a definitive agreement to purchase Revere Ware Inc., the second-largest manufacturer of range-top cookware.

Corning said the acquisition would be made in cash. A spokesman would not comment on a report that the price was \$120 million.

Revere Ware, a maker of stainless steel and copper cookware based in Clinton, Illinois, is a subsidiary of privately held Revere Copper & Brass Inc., founded by Paul Revere in 1801.

HOLMES: Sells Stake in Bell

(Continued from first finance page) had to drop the plan when Mr. Packer and the New Zealand entrepreneur Sir Ronald Brierley launched a \$25.7 million dollar bid for Bell Resources in March.

On Friday, Sir Ronald's Industrial Equity Ltd. said its position was that Mr. Holmes & Court's sale of its stake in Bell Group would make no difference to the takeover bid for Bell Resources.

"It's the end of an era," said Tony Moody, an analyst who has followed Mr. Holmes & Court's companies for the Melbourne brokerage A.C. Goode & Co. "It will be boring without him."

Aluminum Companies Post Robust Profits As They Scramble to Meet Strong Demand

By Jonathan P. Hicks New York Times Service NEW YORK — The strong first-quarter performance of aluminum companies underscores the recovery of an industry that just a few years ago suffered from weak prices and sluggish profits.

Despite the comeback, some analysts believe industry profit is now at a peak. "We're looking for a lower second half," said one.

wide demand drops from its current 13.1 percent annual rate. "We think that we're seeing the peak period right now," said Charles Bradford, an analyst with Merrill Lynch.

Aluminum ingot reached the \$1-a-pound mark on the London Metals Exchange months ago. Recent spot prices have been around \$1.05, but many in the industry say \$1.25 will be exceeded before this upward cycle ends.

But the enthusiasm of the aluminum executives has not kept Wall Street from debating how long the current market conditions will last.

Mr. Bradford says that the market for aluminum will grow this year, but not nearly so much as it did last year. The outlook is best, he said, for beverage cans, a noncyclical market. He expressed concern about the construction side of the market, which is dependent on home renovations.



Ingots being cast at a Pechiney smelter. The French company reported this week that it returned to profitability in 1987.

CASSONI: AT&T Loses an Asset

(Continued from first finance page) in," said Al Lynd, a former AT&T salesman and editor of The Edge newsletter, which follows AT&T.

Olivetti may have already served its purpose for AT&T," Mr. Grubman said.

Even those analysts who think Mr. Kavner, 44, will be able to fill Mr. Cassoni's shoes say it will take several months for him to hit his stride.

Company Results

Table with multiple columns showing financial results for various companies like Dofasco, Alstom, Enron, etc. Includes revenue and profit figures in millions of local currencies.

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(Continued from Back Page) HOLIDAYS & TRAVEL HILLAS YACHTING, Yacht charters. Write to Academics 28, Athens 10571, Greece.

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### Friday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

*The Associated Press*

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
172	170	ABN	1.2	170	170	170	0
170	168	ABN	1.2	168	168	168	0
168	166	ABN	1.2	166	166	166	0
166	164	ABN	1.2	164	164	164	0
164	162	ABN	1.2	162	162	162	0

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
162	160	ABN	1.2	160	160	160	0
160	158	ABN	1.2	158	158	158	0
158	156	ABN	1.2	156	156	156	0
156	154	ABN	1.2	154	154	154	0
154	152	ABN	1.2	152	152	152	0

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
152	150	ABN	1.2	150	150	150	0
150	148	ABN	1.2	148	148	148	0
148	146	ABN	1.2	146	146	146	0
146	144	ABN	1.2	144	144	144	0
144	142	ABN	1.2	142	142	142	0

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
142	140	ABN	1.2	140	140	140	0
140	138	ABN	1.2	138	138	138	0
138	136	ABN	1.2	136	136	136	0
136	134	ABN	1.2	134	134	134	0
134	132	ABN	1.2	132	132	132	0

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
132	130	ABN	1.2	130	130	130	0
130	128	ABN	1.2	128	128	128	0
128	126	ABN	1.2	126	126	126	0
126	124	ABN	1.2	124	124	124	0
124	122	ABN	1.2	122	122	122	0

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Change
122	120	ABN	1.2	120	120	120	0
120	118	ABN	1.2	118	118	118	0
118	116	ABN	1.2	116	116	116	0
116	114	ABN	1.2	114	114	114	0
114	112	ABN	1.2	112	112	112	0

## INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th April 1988

Not exact value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.

Frequency of quotations: (w) = weekly; (b) = bi-monthly; (q) = quarterly; (m) = monthly

AL-MAL GROUP	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.	AL-MAL TRUST S.A.
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 01359F for further information.

### AMEX High-Lows

NEW HIGHS 4  
NEW LOWS 4

### RUSSELL BAKER

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كازمان الاحول

CURR...  
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WORLD MARKETS  
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AND FOREIGN EXCHANGE  
AND FOREIGN EXCHANGE



CURRENCY MARKETS

Dollar Firmer as Bank Lifts Prime

NEW YORK — The dollar rose against most currencies Friday on speculation over a rise in U.S. interest rates, after a regional U.S. bank raised its prime lending rate to 8.75 percent from 8.50 percent.

London Dollar Rates

Table with columns: Currency, Bid, Ask, Tm. Includes Deutsche mark, Swiss franc, French franc, etc.

\$1,884.00, but was obviously aiming at preventing the currency from breaching 3.15 DM, dealers said.

The pound closed at 3.1472 DM, up sharply from Thursday's close of 3.1277 DM. Trade-weighted sterling was 0.4 percent up on its 1975 value at 78.4 from 78.0 at the start, unchanged from the close.

Dollar to Lose More Ground, Feldstein Says

CHICAGO — The dollar is likely to continue to lose value against the yen and West German Deutsche mark so that the United States can attract foreign investment to finance its budget deficit, a U.S. economist, Martin Feldstein, has predicted.

Mr. Feldstein, who formerly headed President Ronald Reagan's Council of Economic Advisors, was speaking at an investment banking forum.

He said he believed the dollar would fall to its current level of about 125 in the next few years and was likely to drop to about 1.25 DM from 1.67 now.

"If the dollar were lower, it would be easier to induce foreign money to invest in the U.S.," said Mr. Feldstein, who heads the Harvard-based National Bureau of Economic Research.

Costlier borrowing could slow the U.S. economy and even tilt it into recession, analysts say.

Mr. Feldstein said he did not believe the Federal Reserve Board, the U.S. central bank, would "forego" defense of the economic expansion to keep the dollar from adjusting to a more realistic level.

German Rates Rise, Apparently on U.S. Trend

FRANKFURT — West German interest rates, whose rise last year was considered a factor in the stock market collapse, are moving up again, apparently in response to upward pressure on U.S. rates, dealers noted Friday.

The average German government bond rate, which rose to 5.93 percent on Thursday from 5.86 on Wednesday, the highest since January, rose again on Friday, to 5.94 percent.

After last October's market collapse, West German rates started downward. But that trend was halted in mid-March.

On Wednesday, the Finance Ministry reacted to upward rate pressure by increasing the yield on five-year government bonds to 5.16 percent, against the previous 5 percent.

The federal 10-year bond yielded 6.49 percent on Friday after 6.46 on Thursday.

Many market operators think the pressure is primarily a reaction to higher short-term U.S. interest rates. The federal funds rate, the rate at which U.S. banks lend each other money overnight, rose to 7.0631 percent on Thursday from 6.875 percent on Wednesday.

Some bond market operators mention rumors that the Bundesbank may soon take some restrictive steps, despite assurances to the contrary given this week by the central bank's president, Karl Otto Pöhl.

Latest figures on the money supply, as measured by the broad M-3 yardstick, show it rising considerably faster than the 3 to 6 percent range set by the Bundesbank for this year.

Some dealers said the Bundesbank, in setting terms of a new securities repurchase pact next Tuesday, might increase the 3.25 percent fixed rate that has been in effect since November.

But other dealers dismissed these rumors. Some operators saw a confirmation of an impending tightening in a newspaper interview with Helmut Schlesinger, vice president of the Bundesbank, that was published Thursday. He said that "generally, a rise in U.S. rates affects the West German market."

Observers note similarities between the current situation and the U.S.-West German quarrel over rates just before the October crash.

"At the time, the two countries blamed each other for high rates, which acted as a detonator for the crash," one bank official said. "If the Bundesbank, still greatly worried by excessive growth of the money supply, intervenes to affect interest rates, even very slightly, such a move would be widely noticed and not much appreciated on the other side of the Atlantic."

An increase in West German rates would have the effect of making investments denominated in Deutsche marks more attractive relative to dollar-denominated securities, and would tend to strengthen the German currency against the dollar.

The U.S. government has recently taken the position that the dollar has fallen far enough against other major currencies to help reduce the U.S. trade deficit. (AFP, Reuters, IHT)

DATA: U.S. Predicts More Growth

(Continued from Page 1) vester's fears that the economic strength will soon prompt the Federal Reserve to tighten credit as a way of slowing economic activity.

Riggs National Bank of Washington raised its prime lending rate Friday to 8.75 percent from 8.50 percent. Although Riggs is not an influential major bank, it led the last round of prime rate increases.

The March increase in the index reflected widespread strength as six of the nine individual indicators showed gains.

No Signs of Fed Tightening

NEW YORK — The Federal Reserve has given no sign yet that it is prepared to put a tighter squeeze on the nation's credit supply, but economists say another healthy U.S. employment report may spur the central bank to act.

"The Fed hasn't moved further to tighten policy yet," said John Williams of Bankers Trust Co. "But they will fairly soon if next week's employment data come in as strong as I think they will, at up about 300,000." The data will include nonfarm payrolls.

After a string of evidence building the case for sustained U.S. economic growth, including a surge in domestic consumption that bolstered the third-quarter gain of 2.3 percent in the gross national product, there is a nearly unanimous view that the Fed will nudge its funds rate target higher.

The central bank is expected to push its target to 7 percent plus from a presumed range of 6 1/2 to 6 percent.

Reuter's

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Friday's OTC Prices. NASDAQ compiled as of 4 p.m. New York time. This list, printed by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table A: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

Table B: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

Table C: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

Table D: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

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Table G: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

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Table N: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

Table O: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG. Includes AMV, AET, AIG, etc.

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Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Friday and do not reflect late trades elsewhere.

ACROSS

- 1 On (Wall St. risk)
5 Babe liquor
9 Major or minor bear
13 Turner or Louise
17 Comedian Jimmy O'Connell
18 Siller's partner
19 Astronaut Armstrong
20 Copter part
21 Who was your W.W. II hero?
24 Rommel, the Desert Fox
25 He didn't win, place or show
26 Pain in the neck
27 Not hip
28 Marshall, for one
29 Solemn vow
30 The Brown Bomber
31 Fit of temper
33 Kind of acid
36 Steeping liquid
37 Wee bloomer
41 What do you call your balky mate?
43 Rotten

Paddock Interview By Frances Hansen

Crossword puzzle grid with numbers 1-114.

© New York Times, edited by Eugene Malachuk.

- DOWN
54 "... to little and to spend a little less": R.L.S.
55 Keynesian concern
58 Popular word game
61 Not fer, in Dogpatch
63 Saint — fire, sea
64 Case-man Gardner
49 Within the law
51 — moonie (high society)
52 The South
53 Ryan or Tatum

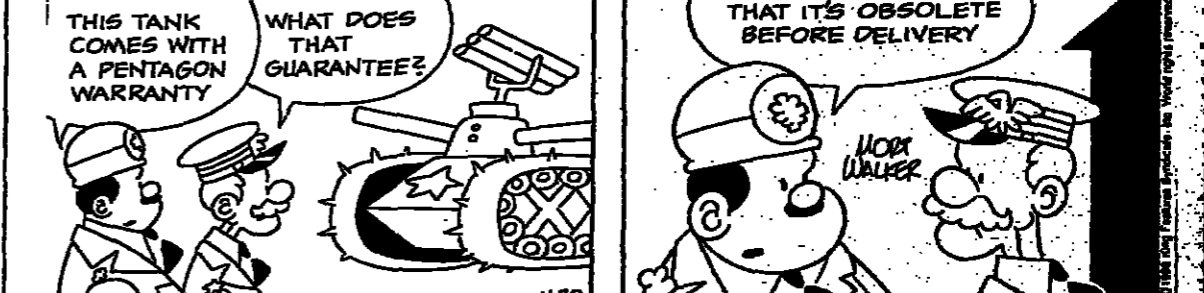
PEANUTS



BLONDIE



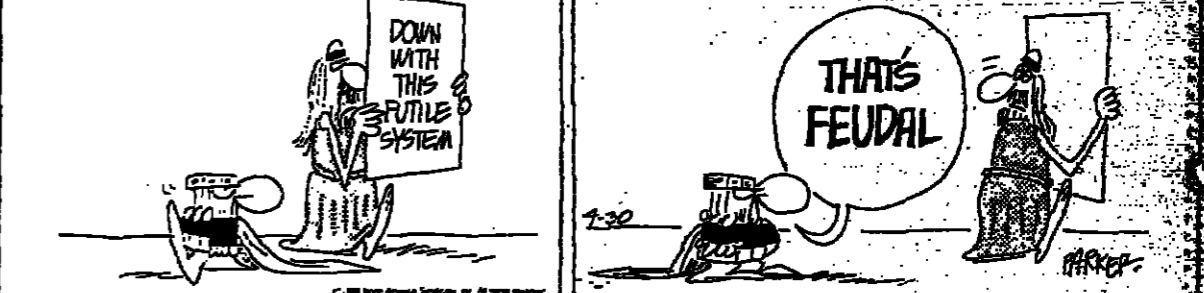
BETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



DOWN

- 1 N.Y.-New Orleans dir.
2 Glacial hill of Iowa
3 Wicked
4 Join a cabal
5 Eat one's words
6 Chemistry Nobel: 1944
7 Neighbor of Ariz.
8 Radio pioneer
9 Free Dobbin from the traces
10 Hitler's Third
11 Jockey's blouse material
12 The works
13 Bring (undo)

INFINITE IN ALL DIRECTIONS

By Freeman Dyson. 321 pages. \$19.95. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

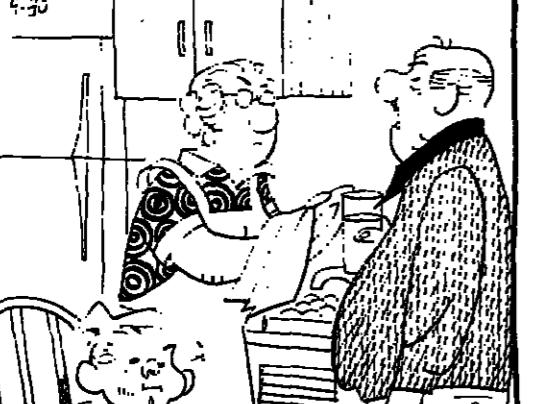
Reviewed by Curt Suplee

FOUR decades ago, C.P. Snow foresaw that society was splitting into two cultures. "Literary intellectuals at one pole — at the other scientists," warned the British physicist; and "between the two a gulf of mutual incomprehension."

BOOKS

It is "weird enough so that it does not limit God's freedom to make it do what he pleases." And Dyson is just warming up. After 17 chapters on the general theme of "the unbounded prodigality of life and the consequent unboundedness of human destiny," the bedazzled reader emerges feeling like he's been in a metaphysical washing machine on spin cycle — his perspective on man, God and the cosmos permanently altered.

DENNIS THE MENACE



Solution to Last Week's Puzzle

Grid solution for last week's puzzle with words like BARBARA, BEACH, BEA, etc.

Weather forecast for Europe, Asia, North America, Middle East, and Oceania.

World Stock Markets

Table of world stock markets including Amsterdam, Johannesburg, London, Madrid, Milan, Moscow, New York, Paris, Rome, Sao Paulo, Singapore, Sydney, Tokyo, and Zurich.

Market Closed

The stock market in Tokyo was closed Friday for a holiday.

Advertisement for 'The Daily Source for International Investors' featuring a globe and contact information.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

Vertical text on the right edge of the page, including 'Labor For U' and 'The union is no federal jurisdiction'.

مركز الأبحاث

SPORTS

Brunansky Gives Cardinals Some Muscle

Compiled by Our Staff From Dispatches
SAN DIEGO — On his first swing through a new circuit, Tom Brunansky's old swing works just fine.
A home run threat for the Minnesota Twins before being traded last week to St. Louis, Brunansky is making his inaugural tour of the National League. Thursday night he hit two homers — giving him three in his last two games — to help the Cardinals to a 6-4 triumph over San Diego.

BASEBALL ROUNDUP

know these pitchers, and I'll probably strike out a lot.
The trade that brought the right fielder to the Cardinals for second baseman Tommy Herr may provide St. Louis with the power hitter

second. Brunansky homered after Terry Panfilone singled, and Steve Lake scored on Willie McGee's double.
Larry McWilliams relieved Cardinal starter Jose DeLeon with the bases loaded in the San Diego second, and surrendered a two-run single to Tony Gwynn that tied the score. But St. Louis came up with an unearned run in the third, and Brunansky hit a home run off Mark Grant in the fifth.
Pirates 2, Giants 1: In San Francisco, Darnell Coles singled in Bobby Bonilla with one out in the 10th edge the Giants. Making his first appearance against his former team, reliever Jeff Robinson worked 3 1/2 innings for the victory. Pittsburgh has won all 10 games in which Robinson has appeared this season.

Another Sad Oriole Milestone

Compiled by Our Staff From Dispatches
MINNEAPOLIS — Blackjacket: The Baltimore Orioles have hit 21. Having shattered the American League record for consecutive losses while in Minnesota, the vic-

torious Orioles headed south to Chicago, where they'll try to avoid setting a modern major league mark for ineptness.
Baltimore's 4-2 defeat here Thursday was its 21st, breaking the record of 20 set by Boston in 1906 and tied twice by the Philadelphia Athletics, in 1916 and 1943.



Oriole right fielder Keith Hughes and second baseman Billy Ripken watched Kent Hrbek's second-inning fly ball fall in safety.

"It starts to wear you down mentally and physically," said manager Frank Robinson, 0-15 since replacing Cal Ripken Sr. "Everything is taking its toll on us right now. It's not going to go away. They know the whole world is watching."
Added catcher Terry Kennedy: "The fishbowl is getting smaller and smaller every day."
A week after they established the record for consecutive losses at the start of a season, Baltimore still can't get into the victory column. The litany of losing sounded familiar Thursday.

As in recent outings, the Orioles scored first. Tito Landrum led off the game with a single and eventually scored on Eddie Murray's groundout.
And, as in recent outings, the Orioles couldn't hang on.

Against career minor-leaguers Allan Anderson and Mark Portigal, Baltimore hitters were 1-for-9 with runners in scoring position; the team's season batting average in such situations is .132.
Second baseman Rene Gonzales and shortstop Cal Ripken Jr. committed errors. Rookie right fielder Keith Hughes misplayed two catchable balls into doubles.
Mike Boddicker, 0-5 after his 10th straight loss, gave up only six hits in his 7 1/2 innings. But one was a two-run homer by Kent Hrbek and another a two-run double by John Moses.
"It's getting to the point where it's out of hand, where it's sad," said the Twins' Kirby Puckett. "Nobody wants to come to the park and lose 20 in a row. What they're going through, it's not funny. It's nothing to laugh at." (AP, UP)

Thomas, Jordan Open Playoffs in Style

Compiled by Our Staff From Dispatches
NEW YORK — Two of basketball's most luminous guards stepped to the front Thursday night in the opening round of the National Basketball Association playoffs.
Isiah Thomas scored 26 of his 34 points in the second half to

but Cleveland rallied to lead by 76-73 entering the final period.
With 10:22 left, Chicago went back on top, 78-77, on a Jordan 3-pointer that started a 14-0 run.
"Our defense didn't turn it on until the fourth quarter," Jordan said. "We kept turning over the game and just didn't get it together until then."

Craig Ehlo led the Cavaliers with 21 points, 14 over his average, and Mike Sanders added 18; Brad Daugherty was limited to 12. Cleveland played without injured guard Ron Harper.
Mavericks 120, Rockets 110: In Dallas, sixth man Roy Tarpley outbattled Akeem Olajuwon down the stretch to spark the

Mavericks past Houston. Tarpley scored 24 points and could not be stopped late in the game. Eight Dallas players scored in double figures in an attack that featured 57-percent shooting.
The Mavericks built a 6-point lead with two minutes to play when Tarpley beat Olajuwon and was fouled for a 3-point play. Moments later Tarpley again spun around Olajuwon for a layup that boosted the Dallas advantage to 11.



Tough defense, here administered by John Salley, limited Washington's Moses Malone to 21 points. Detroit won, 96-87.

In the third period, Tarpley had caused Olajuwon to pick up his fourth foul; the Houston center sat out the last six minutes of the third quarter and the first four minutes of the fourth.
Dallas center James Donaldson scored a playoff-high 18 points while Mark Aguirre had 16. Olajuwon had 34 and Joe Barry Carroll and Purvis Short 13 each for the Rockets.
"I thought Tarpley and Donaldson did a better job inside than we did," said Houston's coach, Bill Fitch. "That was about it."

Trail Blazers 108, Jazz 96: In Portland, Oregon, Clyde Drexler and Jerome Kersey, each scored 25 points to lead Portland past Utah. Terry Porter added 20 points for the Trail Blazers, who lost four of five regular-season games to the Jazz, including two in Portland.
Thurl Bailey had 31 points and John Stockton 20 to lead the Jazz. Utah's Karl Malone, who averaged 27.7 points a game this season, was held to 16 — 12 of them in the first half.

Stockton's two free throws with 6:08 left in the third period narrowed Portland's lead to 69-67, but the Jazz came no closer than 11 the rest of the way. (UPI, AP)

SCOREBOARD

Table with columns for Baseball, Hockey, and NHL Playoffs, listing scores and teams.

Major League Leaders

Table listing top performers in various categories like batting average, home runs, etc.

Thursday's Line Scores

Table showing scores for various baseball games on Thursday.

Major League Standings

Table showing the current standings for various MLB teams.

NHL Playoffs

Table showing the results of NHL playoff games.

Labor Board Ruling Could Pave Way Caps Force For Unrestricted Free Agency in NFL 7th Game With Devils

By Frank Swoboda and Michael Wilbon
WASHINGTON — The National Football League Players Association secured a major victory Thursday in its bid for unrestricted free agency.
The general counsel of the National Labor Relations Board ruled an impasse had been reached between the union and NFL management on the free agency issue and dismissed a complaint by league owners that the union had refused to negotiate in good faith for a new contract.
The union is now free to seek a federal injunction against NFL restrictions on free agency. Gene Upshaw, the union's president, said the ruling was "not a total victory for the players, but it's certainly a big step."
The players went back to work without a contract last season following a 24-day strike. There have been no formal negotiations between union and management since then.

statement Thursday warning that if the union did not return to the bargaining table and negotiate, the owners would consider "a number of options and concepts." He did not elaborate.
The union officials have concluded that they cannot win free agency at the bargaining table and are willing to risk any terms the owners might impose in the interim.
Culverhouse said, "maybe at some point we'll agree there's an impasse. Then we can consider exercising our rights under the law to implement changes in the existing system or adopt a new one." Under an impasse, the owners are free to impose the terms of the last offer at the bargaining table. It seems unlikely that the owners would make any public acknowledgment of an impasse, however, until Doty ruled on the union's preliminary injunction request.
Culverhouse said the league's owners were confident the Minneapolis court would approve the free agency system now in place. Under

STANLEY CUP PLAYOFFS

Jersey Devils Thursday night, 7-2, to force a deciding seventh game in the Patrick Division final of the National Hockey League playoffs.
The winner of Saturday night's game will meet the Boston Bruins in the Wales Conference final.
Shortly after the opening face-off, the puck took a weird hop off the glass behind the Washington net. Claude Loiselle's close-in shot beat Pete Peeters. "I just said that's one for them — we'll spot them one, we'll come back."
So they did. Washington replied with three straight first-period goals, by Mike Ridley, Dale Hunter and Steve Leach. New Jersey collapsed in the second period, when Ivan Corbucci and Dave Christian ran the lead to 5-1 by capitalizing on a sloppy defensive play.
Game 7 will be played in Landover, Maryland, where New Jersey has won three of its last four games after a 0-19-1 record. "We have the recipe," said Devils goaltender Bob Sauve. "We just have to do it again."
Each team has won twice on the road in the series. "What we need," said Washington's Bob Gould, "is a road game at home."

National Basketball Association Playoffs

THURSDAY'S RESULTS
Eastern Conference
Washington 21, Portland 16-87
Detroit 71, Houston 59-86
Thomas 12-24 7-11 23, M. Malone 8-17 5-21.
Rebounds: Washington 31, Houston 21.
Points: 44 5-12. Rebounds: Houston 53, Detroit 44. Dallas 50 (Tortorello 19).
Chicago 21 (Poznan 7).
Western Conference
Houston 27, Portland 27-110
Dallas 28, Houston 12-32-82
Portland 10-17 4-24, Donaldson 8-10 2-18; 19.
Dallas 12-29 10-11 34, Carroll 4-10 5-13.
Portland 4-8 5-12. Rebounds: Houston 53, Dallas 44. Dallas 50 (Tortorello 19).
Houston 21 (Flynn 11), Dallas 31 (Harper 8).
Portland 28, Houston 19.
Portland 7-18 12-12 26, Kersley 12-18 8-9 26.
Portland 9-15 2-3 28; Bailey 10-22 3-4 21.
Portland 5 (Dreiter 12), Dallas 11 (Harper 8).
Portland 28, Houston 19.
Portland 7-18 12-12 26, Kersley 12-18 8-9 26.
Portland 9-15 2-3 28; Bailey 10-22 3-4 21.
Portland 5 (Dreiter 12), Dallas 11 (Harper 8).
Portland 28, Houston 19.

SIDELINES

Cycling's Peace Race Broadens Scope

PARIS (UPI) — Eastern Europe's major bicycle race, the Peace Race, will begin next year in Paris to help mark the bicentennial of the French Revolution, the event's organizers announced here Friday.
It will be the first start in the West for the race, which began in 1948 and has traditionally included stages in East Germany, Czechoslovakia and Poland and often the Soviet Union. Those countries, plus France and West Germany, will be on the 1989 route.
The schedule calls for 23 teams of seven riders each, both amateurs and professionals, to begin May 7 at the Place de la Bastille and to finish May 27 in central Moscow. Other stops on the 3,000-kilometer (1,640-mile) 27 in central Moscow. Other stops on the 3,000-kilometer (1,640-mile) 27 in central Moscow. Other stops on the 3,000-kilometer (1,640-mile) 27 in central Moscow.

Granacis Winner of Blue Grass Stakes

LEXINGTON, Kentucky (UPI) — Granacis, a Canadian-bred 15-to-1 shot, came from next-to-last under Jacinto Vasquez turning for home, ran down the leaders in mid-stretch and drew away for a three-length victory in the 1988 Kentucky Derby.
Intensive Command and favored Regal Classic also made late moves to finish second and third, respectively, in the Grade I race, the next-to-last prep for the Derby. Granacis covered the 1 1/8-mile (1,810-meter) course in a slow 1:52-1/5.

Floyd, Norman Lead by 1 in U.S. Golf

THE WOODLANDS, Texas (UPI) — Ray Floyd and Greg Norman took the shot 7-under-par 65s Thursday to take the first-round lead in the Independent Insurance Agent Open golf tournament.
Hal Sutton was one stroke back of the leaders, while Mike Donald, who has missed the cut in half the tournaments he has entered this year, was alone in third with a 67; Brian Tynesson, David Ogrin, George Burns, Mike Sullivan, Tim Simpson and Duffy Waldorf had 68s.

Quotable

Jack McKeon, general manager of the San Diego Padres, on incentive bonuses: "You pay a guy for a 162-game schedule, so why pay him extra for playing 150 games?" (LAT)

Advertisement for Longines watches, featuring the text 'You have a date with Longines Precision' and 'LONGINES Official Timekeeper Formula 1 Grand Prix racing and of the Ferrari racing team'. Includes an image of a Longines watch.

After returning to work, the union filed a federal suit against the league in Minneapolis late last year. At the time, it asked U.S. District Judge Doty to grant a preliminary injunction against the league because an impasse had been reached in negotiations for a new contract. So long as it had a valid labor contract, the NFL was exempt from antitrust law on the free agency issue.
But Doty said he would not rule on the union's request until the NLRB determined whether an impasse had been reached. Thursday's ruling allows the union to go back to court immediately.
John Jones, a spokesman for the NFL's management council, said he did not expect the owners to appeal the ruling; the owners have one week to decide whether to do so with the NLRB's office of appeal.
Hugh F. Culverhouse, chairman of the executive committee of the management council, issued a

